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Japan

Ministry Officials on UK Premier's Upcoming Visit

OW1609073293 Tokyo KYODO in English 0620 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—British Prime Minister John Major will begin a four-day trip to Japan from Saturday [18 September], marking the first visit by a foreign leader since the government of Prime Minister Morihiro Hosokawa came to power in August.

During his stay through Tuesday, major will discuss bilateral and international affairs with Hosokawa, and meet Foreign Minister Tsutomu Hata and International Trade and Industry Minister Hiroshi Kumagai, foreign ministry officials said.

Major, 50, and Hosokawa, 55, will seek to further promote friendly ties between Japan and Britain, described as stable and "very good" particularly in the economic field.

Accompanied by 12 top British businessmen, Major also will hold talks with Gaishi Hiraiwa, who heads Japan's top business lobby, the Federation of Economic Organizations (Keidanren).

Major also will address a luncheon hosted by four Japanese economic organizations, the officials said.

The British delegation includes Ralph Robins, chairman of Rolls- Royce Motors Ltd., Lord Prior, chairman of General Electric Co., and Iain Vallance, chairman of British Telecommunications.

The foreign ministry officials said the British businessmen are coming to Japan to demonstrate the close relationship between the two countries, particularly the economic ties through exports to Japan.

Officials were at pains to put distance between this visit and one by former U.S. President George Bush in January. Bush came with 18 U.S. business leaders in what was widely criticized as an unsubtle bid to get Japan to buy more American-made cars.

Michael Perry, head of the British delegation and chairman of the giant chemical company Unilever PLC, will receive an award from Hosokawa for his contribution in promoting British exports to Japan through campaigns such as "priority Japan" and "opportunity Japan," the officials said.

In talks with Hosokawa, Major is expected to raise the issue of British prisoners of war held by Japan during World War II.

It is considered unlikely he will ask for Japanese compensation since Tokyo has already made it clear that such problems were legally solved with the San Francisco Peace Treaty, they said.

Recent reports from London said about 12,000 British former POWs will take legal action to get compensation following Hosokawa's historic apology last month for Japan's wartime behavior.

On the international front, Major and Hosokawa are likely to discuss the Mideast peace process and the situation in the former Yugoslavia, Russia, Asia-Pacific and Hong Kong, the ministry officials said.

They also are expected to discuss bringing the Uruguay Round of multilateral trade negotiations to a successful conclusion, they said.

Major originally planned to visit Tokyo in January but postponed because of domestic problems over ratifying the maastricht treaty on European union. He visited Japan in July for the Tokyo summit meeting of group of seven economic powers.

Toyota's British Engine Plant Begins Shipping

OW0709132293 Tokyo KYODO in English 1307 GMT 7 Sep 93

[Text] Nagoya, Sept. 7 KYODO—Toyota Motor Corp. said Tuesday [7 September] its new engine plant in Britain has begun to supply machined engine components to Japan.

Japan's top automaker said the Deeside, North Wales, plant plans to ship about 3,000 sets of cylinder blocks and crankshafts monthly to the company's Shimoyama Engine Plant in Aichi Prefecture. The components will be used to produce 1.8-liter engines for vehicles to be sold in Japan and overseas, the company said.

The Deeside plant shipped about 1,500 completed 1.6-liter engines to Japan during its three-month start-up phase between September and December last year, the company said.

It said the shipments of engines and components from the British plant are part of the company's target to import vehicles and parts worth about 400 billion yen from overseas facilities in fiscal 1994, which starts April 1.

Ishida Says 1994 General Election 'Unlikely'

OW0809065193 Tokyo KYODO in English 0613 GMT 8 Sep 93

[Text] Tokyo, Sept. 8 KYODO—Komeito Chairman Koshiro Ishida said Wednesday [8 September] a general election for the powerful House of Representatives is unlikely next year because of the need to implement electoral reform.

"I don't think the next general election will be held in the immediate future," Ishida said at a press luncheon at the Foreign Correspondents' Club of Japan.

"I think it is not posible to hold a general poll by the end of next year" because it will take time to redraw electoral zones even if political reform bills aimed at revamping the electoral system to curb widespread political corruption pass through the Diet, he noted.

Prime Minister Morihiro Hosokawa has staked his political future on getting a set of political reform legislation onto the statute books by year's end.

Ishida, state minister and director general of the Management and Coordination Agency, said another reason for not expecting a general election next year was the need of Hosokawa's coalition government to strive to jack up the nation's sluggish economy.

'Full Text' of Emergency Economic Package

OW1609102493 Tokyo KYODO in English 0958 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—The following is an unofficial translation of the full text of an emergency economic package announced by Prime Minister Morihiro Hosokawa's cabinet Thursday [15 September].

Preface:

The Japanese economy shows signs of recovery in investment on public works projects and housing investment but the pace of recovery remains slow in personal consumption and private-sector capital investment mainly because of the steep appreciation of the Japanese yen, natural disasters and abnormal weather conditions. No presumption is warranted for the medium-term outlook for recovery in the domestic economy.

Under these circumstances, the urgent task facing the government is to overcome the present conditions of the domestic economy to pave the way for smooth transition to sustained growth without inflation, focused on domestic demand.

The government has implemented three rounds of economic measures aimed at stimulating recovery since March last year and formulated the 1993 fiscal budget by taking into account the economic conditions.

On the basis of these factors, the government decided to carry out the emergency economic measures outlined below.

The measures consist of steps toward easing regulations and passing on the benefits of the yen's appreciation to consumers—steps the government had been studying since its inauguration—and fiscal measures to cope effectively and promptly with the severe economic situation resulting from the appreciation of the yen and effects of natural disasters.

The package of measures also marks a great step forward toward solving long-term and medium-term problems facing the Japanese economy so that an affluent socioeconomic structure can be established to serve as the basis for construction of a society with vitality and for further growth of the domestic economy.

The government will steadily implement measures incorporated in the fiscal 1993 budget and the comprehensive economic stimulus package announced in April this year and try to bring about their effects promptly so as to contribute to improvement of the people's livelihood and to the development of harmonious external economic relations.

I. Deregulation

Designed to expand domestic demand and promote imports, the easing of official regulations marks a new step toward structural reform of the domestic economy. The steps include simplification and smooth implementation of import procedures to lessen the burden on the people and enterprises and revitalize the economy.

1. It is designed to promote competition and ensure flexible pricing on the market by creating new business opportunities and expansion of business to enhance foreign access to the Japanese market and reduce costs required for clearing import procedures.

Regulations on 94 items will be relaxed.

2. With a view to smoothing implementation of regional development projects, procedures to obtain licenses will be eased and the time required for such procedures will be shortened substantially.

3. To carry out the above-mentioned steps, follow-up measures will be taken by the government whenever necessary. As for large-scale regional development projects, ways of promoting and steadily implementing them will be studied.

4. Measures for continuation of deregulation.

The following measures will be implemented to promote deregulation on a continuous basis.

(1). Review of waiver clauses in the antimonopoly law.

Ministries concerned will hold liaison meetings to come up with a conclusion on ways to promote deregulation by the end of fiscal 1995, including ending exemptions on the prohibition against formation of cartels, as exceptional steps under the antimonopoly law. With a view to ensuring the interest of consumers, the relevant law will be implemented strictly to prevent violations.

(2). Reducing the burden of the people.

Concrete measures will be formulated by the end of this fiscal year on reducing the cost of applications, notices and reports to government agencies.

(3). Processing of complaints, public relations and hearings.

To facilitate access to the Japanese market, the office of trade and investment ombudsman (OTO) will take prompt action to establish a system to process complaints.

Public relations activities and hearings will be held frequently to have the people's views reflected in deregulatory measures.

II. Returning windfall profits from the strong yen to consumers

Considering the yen's sharp appreciation on the foreign exchange market, it is essential that the benefits of the strong yen be passed on to various economic sectors and be fully enjoyed by the people. For that purpose, the government will implement the following measures.

(1) Utilities and Others

—Electric power rates

The nation's 10 electric power companies will implement a provisional reduction in their rates for the 11 months beginning in November 1993. A total of some 230 billion yen, or 100 yen per month for the average household, will be passed on to consumers as benefits of the yen's appreciation.

Separately from gains from the higher yen, Hokkaido Electric Power Co. will implement a provisional cut in its power rates for the year beginning in October 1993, taking advantage of a 20 billion yen reduction in its fuel costs due to a switch from Japanese-produced coal to nuclear fuel. The rate cut per month for the average household will be about 220 yen.

—Gas

Three major city gas suppliers will implement a provisional rate cut for 11 months, beginning in November 1993, to pass on exchange gains of about 35 billion yen. The average rate cut will be 135 yen per month for the average household.

—Industrial alcohol

The price for sale to the government will be cut by an average 4 percent, beginning around November 1993. The total amount involved will be 1 billion yen a year.

—Wheat

New prices of wheat, barley and rye for sale to the government will be set as soon as possible, reflecting the higher value of the yen, the supply-demand situations in Japan and overseas, international market prices and freight market trends.

—KDD

The international communications company KDD will cut its international telephone rates by about 2 percent in October 1993 to pass on gains from the higehr yen and from its cost-cutting efforts to consumers. The reduction will amount to more than 3 billion yen in an average year.

—Education

School lunch suppliers will cut the price of skim milk for delivery to schools nationwide by 29 yen per kilogram and that of imported beef by between 30 yen and 50 yen per kilogram. The total amount involved will be 100 million yen in the second half of fiscal 1993.

—Tobacco

Japan Tobacco Inc. will donate 50,000 tobacco ash bins, worth 1 billion yen, to public facilities nationwide as part of its "smoking clean" campaign beginning in November 1993.

(2) Services

—Air Fares

Discounts on domestic air fares, including those for family travelers, will be expanded, beginning in November 1993. Family travel discounts of 35 percent, instead of the current 25 percent, will be also made available during spring holidays.

International air fares to various destinations will be revised, subject to improvement in the financial performance of Japanese airlines.

—Railway Fares

Various discount tickets, including those for travel on weekends, will be offered for sale, beginning in September 1993.

—Ship Fares

More discounts will be offered on excursion fares for ships, beginning in October 1993.

—Sugar Price

The price for Japanese-produced sugar will be cut in the 1993 sugar year, beginning in October 1993, in light of cost-cutting efforts made by Japanese sugar producers.

(3) Consumer Products

—Requests To Industries

Government ministries and agencies concerned will send notes to various industries in September 1993 to ask them to pass on gains from the strong yen to consumers. These industries include importers of agricultural, forestry and fisheries products, wines and liquors, petroleum products, consumer durable and non-durable goods, and housing and housing-related products.

—Retail Industries

The government will also send notes to department store, supermarket and small retail industries in September 1993, asking them to work out plans for foreign exchange gains to consumers.

(4) Antimonopoly Law

The government will gather information on illegal cartels and other violations of the Antimonopoly Law that might impede the passing on of exchange gains to consumers. Any violations will be strictly dealt with.

(5) Import Promotion Fairs

Forums and fairs will be held after September 1993 to promote the passing on of foreign exchange gains to consumers. An import-promotion center will be established to offer more opportunities to consumers to enjoy the benefits of the higher yen.

—More Information to Consumers

The government will offer more information on the passing on of exchange gains to consumers, by expanding price surveys on imports and making full use of various statistics.

—Checking on Above Measures

Government officials in charge of price problems will periodically check the results of the above measures.

III. Measures to cope with the severe economic situation and balance external economic relations.

The measures will cope with the current severe economic situation, with the adverse effects of the higher yen that is hindering exports as well as damages caused by natural disasters. They will help address the nation's medium- and long-term goals of improving social infrastructures to enable the public to enjoy more affluent lives as well as establish good external economic relations.

1. Countermeasures for Severe Economic Conditions

(1) Improving Social Infrastructures for the public

— The government will allocate an additional 1 trillion yen for projects to improve social infrastructure, centering on projects that improve the quality of life for the public.

— An additional 500 billion yen will be allocated to local governments to help create environments that address the needs of the aged and handicapped, and construction of comfortable housing.

— The government will procure land worth 300 billion yen with cooperation of local governments for infrastructure projects, while carefully avoiding wild fluctuation of land prices.

(2) Restoration Projects From Natural Disasters

— The government will provide an additional 450 billion yen to accelerate restoration works in the areas which have been hit hard by heavy rains and typhoons and secure the safety of people living in such areas.

— The government will ensure smooth, prompt payment of insurance money from such organizations as agricultural mutual insurance programs.

(3) Promote Housing Investment

—An additional 2.5 trillion yen will be allocated to the governmental Housing Loan Corp. to boost its housing loan budget for a total of 700,000 houses, up 150,000 houses from its initial plan. Another 400 billion yen will be allocated toward housing loan funds of the Pension Welfare Service Public Corp.

—To stimulate domestic demand in housing, requirements for special tax treatment will be eased for home owners remodeling houses. Current regulations limiting such treatment on the remodeling of houses to those with a floor space of less than 240 square meters will be dropped. With regard to special tax treatment in remodeling wooden houses, such treatment will be applied to houses up to 15 years old from the current 10 years old, starting October 1.

—The government will continue pushing comprehensive land measures to bring land prices to adequate levels. While carefully avoiding wild fluctuations in prices, the government will ease controls on trade of land currently under close monitoring.

—The government will also ensure steady implementation of projects for the construction of public facilities for housing areas.

—The government will request private housing loan organizations to secure stability in loan funds and provide loans suitable to customers' needs.

—The government will promote installation of small elevators to households with aged and handicapped people.

—It will also encourage construction of environment-friendly housing.

(4) Promotion of Investment for Structural Adjustment

—The government will provide a tax incentive for corporate investment in 150 kinds of facilities and equipment for such purposes as rationalizing distribution systems or other business systems, energy saving, protecting environment and research and development. The measure will effective [as received] from for a year from October 1.

—The government will request the Japan Development Bank and Hokkaido-Tohoku Development Finance Corp. and other financial institutions to provide counseling services to encourage companies with plans of diversification or rationalization.

(5) Measures for Small- And Medium-Sized Companies

—The government will allocate additional expenditure of more than 1 trillion yen as loan funds at government-run financial institutions for small- and medium-sized companies to help them survive changes in industrial structure. (It is expected to boost loans for smaller companies by about 770 billion yen a year.)

—The government will implement comprehensive measures for small- and medium-sized companies, including easing of requirements in borrowing money from governmental financial institutions.

—The funding of emergency loans for management stabilization will be boosted and loans will become available for those hit hard by the cool summer this year.

—The government will ease requirements to qualify for the credit insurance program, under which insurance payments have been doubled, so that more companies can join the program.

—State-run financial institutions and credit guarantee associations will be encouraged to provide more assistance for small and medium-sized companies.

—The government will enable farmers and agricultural businesses which were hit by unseasonable weather to receive more secured loans.

—The government will submit a bill to the Diet calling for a comprehensive assistance program for business diversification and restructuring of smaller companies.

—Under the program, the government will launch loans with lower interest rates from public financial institutions. Rationalization will be encouraged through more loans from the Japan Small Business Corp. loans with longer redemption terms will be established under the government's financial assistance program for modernization of small companies.

—Leasing charges for small companies will be lowered.

—The government will conduct surveys on payments for subcontractors and implement measures to prevent payment delay.

—Local governments and public organizations will be urged to open more opportunities for smaller companies to obtain public works orders.

—The government will ease requirements for smaller companies applying for assistance under the government's special business activation program.

(6) Employment Measures

—The government will make continued efforts for a prompt and accurate grasp of the nation's employment situation. Moreover, it will extend the duration of a provisional measure introduced in October last year to expand designation of business sectors subject to employment adjustment subsidies. The government expects these steps to help companies maintain jobs.

—Vocational training will be provided to middle-aged white-collar workers, the segment of the labor market most strongly affected by labor adjustment. The training is designed for smooth shifts of these workers to new job environments, thus preventing an increase in unemployment. The government will also expand benefits to be used by employers to finance part of the vocational training.

—Subsidies will be supplied to corporations planning to enter new business fields, improving hiring conditions in regional areas, taking steps to ensure recruitment of new graduates and establishing a smooth placement system for job seekers.

—The government will instruct corporations to promote shorter working hours while upgrading productivity through such means as efficient investment.

(7) Tax Measures

—In order to ease the tax burden of middle-income wage earners due to educational and other expenses, a tax exemption level for certain categories of dependents in the individual residents' tax will be raised when the tax system is revised in fiscal 1994.

(8) Smooth Financing Operations and Flexible Management of Monetary Policy

— Financial institutions will be urged to streamline their operations while promoting liquidation of nonperforming loans through the use of Cooperative Credit Purchasing Co.

—Requests will be made to financial institutions concerned to take measures to ensure smooth supply of funds for medium-size and small enterprises as part of an economic stimulus package. In this connection, screening of applications for loans will be expedited and risk management will be consolidated for financing operations of financial institutions.

—Monetary policy will be managed adequately in a flexible manner while paying attention to economic movements overseas and international monetary developments.

2 Formation of Harmonized External Relations

(1) Promotion of Imports

—The government will draw up basic guidelines for the expansion of imports to show its determination in improving external relations.

—As part of the import promotion program, the Export-Import Bank of Japan will extend soft loans to help import finished products and the governmental Japan Development Bank will launch a loan system to promote imports and help foreign companies invest more in Japan.

—Tariffs on automobile parts and raw sugar will be revised.

—Steady implementation of Japan's official development assistance (ODA) program to support developing countries, the fifth of which was adopted in June, 1993.

(2) Enhancing OTO System

—In order to improve access to the Japanese market, the government will strengthen the trouble shooting of the Office of Trade and Investment Ombudsman (OTO).

In addition to all the measures above, the government will take the following steps to show its outlook for the future and build economic and social structures which can coexist with other countries.

1. For Changes in Economic, Social Structure

The government will form a study group on economic reform. The group, in consideration of changes the Japanese economy will undergo in the medium and long term, will map out a basic philosophy and policies for a broad restructuring of the nation's economy by the end of this year.

2. For Radical Reform of the Tax System

The government will call on the tax commission to thoroughly examine drastic reform of the tax system in order to create a more balanced system of tax on income, consumption and assets.

Hosokawa Gives News Conference on Economy

OW1609125793 Tokyo NHK General Television Network in Japanese 0935 GMT 16 Sep 93

[News conference, preceded by statement, by Japanese Prime Minister Morihiro Hosokawa with domestic correspondents at the Prime Minister's Office in Tokyo—live]

[Text] My cabinet members in charge of economic affairs held a meeting just a while ago to decide on an emergency package of economic stimulus measures. I will brief you on the contents of the package and my views on the package.

First of all, I would like to explain about the current business trend. As you know if you look at that chart [Hosokowa points to chart behind him], the business trend has been going up and down in every quarter. I view the business trend as very grim.

As for the emergency package of economic stimulus measures that we decided today, I have asked concerned government ministries and agencies to work out plans for the package within a very limited time.

As you see in that chart, the package is composed of three pillars. One is the relaxation of bureaucratic regulations, the second is passing on the benefits from the appreciated yen, and the third is fiscal and other measures aimed mainly at coping with the current difficult economic situation.

As for deregulation, my government has focused on the relaxation of bureaucratic regulations which can generate the substantial economic effects of contributing to expanding domestic demand and boosting imports. My government will relax 94 regulations in all. For example, there is an item in the deregulation which is closely related to the people's lives, and the item includes the relaxation of regulations on the construction of small buildings, sales of portable telephones and taxi fares.

In a bid to lighten consumers' burdens, the deregulation includes the abolishment of mandatory inspections every six months for passenger cars. In an attempt to internationalize current standards, the deregulation includes the amendment of the current date labeling system for food and the internationalization of standards for certifying construction materials. Regulations will be relaxed on energy savings. As for the deregulation, from now on, I intend to work vigorously for it in order to bring a change to the current economic structure.

As for passing on the benefits of the appreciated yen to consumers, my government will work to cut public utility charges and prices of imported goods. I think that it is difficult to indicate the total amount of benefits from the appreciated yen in figures.

If the yen appreciates by 10 percent, for example, consumer prices are expected to fall one percent. There is an estimate that the benefits from the appreciated yen amount to approximately 2.6 trillion yen a year. As for specific benefits of the appreciated yen for consumers, I expect consumers will benefit by 230 billion yen in electricity charges and by approximately 35 billion yen in gas charges. An average household will benefit by approximately 2,600 yen in electricity and gas charges.

As for domestic air fares, the application period of the discount fare system will be extended to spring holidays, and the current 25 percent discount will be raised in principle to 35 percent. If a four-member family goes on a spring vacation trip, it will benefit by a discount of 16,100 yen for a Tokyo-Sapporo flight.

I would like to brief you on the third pillar of the package.

My government decided to incorporate in the package as many policies as possible that can generate the immediate effect of benefiting consumers. Under the package, my government will implement one-trillion-yen of projects to upgrade the current social infrastructure, and I expect these projects to bring great benefits to consumers. I think that housing holds the key to making the people actually feel affluent [in their] lives.

Under the package, my government will increase loans to be extended by the Housing Loan Corporation and will cut taxes on housing construction. The amount of loans to be extended by the Housing Loan Corporation will be 2.5 trillion yen, a record high.

Third, small businesses are now facing a very difficult situation in the wake of the appreciated yen and the package includes various measures for them.

Fourth, the package includes the disbursement of 450 billion yen to implement reconstruction projects in areas afflicted by typhoons and earthquakes.

The package includes measures to boost imports, create jobs, and increase investments in plant and equipment through tax incentives. Although the package includes measures that cannot be calculated in terms of amounts, a simple estimate puts the package at approximately 6 trillion yen.

I think that given that amount, the package is a bold one. The deregulation and passing on benefits from the appreciated yen to consumers, which have so far been left untouched, are expected to generate the substantially great effect of stimulating Japan's stagnant economy. I think that the package will greatly contribute to revitalizing Japan's stagnant economy. The emergency package of economic stimulus measures will serve to dispel uncertainty over the mid-term economic prospects and I believe that the dispelling of that uncertainty will play a great role in spurring the current stagnant economy.

I have briefly explained the emergency package of economic stimulus measures. The Economic Reform Research Council held the first round of meetings today. The council will study ways to reform the current economic society and the current economic structure.

As you know, the Government Tax System Reform Council has already begun to study ways for a sweeping reform of the current tax system. I would like to end my briefing.

[Correspondent] Please let me make the first three questions as the representative of the cabinet press club. First of all, both the Japanese society and the international community have been looking forward to seeing the package. In this sense, it seems the package's deregulation measures are somewhat incomplete and their effectiveness is questionable. Also, the United States has said that a 6-trillion-yen package is smaller than they expected. What is your comment on these opinions? Do you think the package is good enough for the time being?

[Hosokawa] As I said before, the package was compiled in a very limited period of time. I think it will have certain impacts on the economy when it is followed by the fiscal 1994 budget and further economy stimulus measures in the future. In this sense, the package will generate the substantial effect of stimulating Japan's stagnant economy.

[Correspondent] I guess the government is going to work on measures for a trade surplus cut on the grounds of the new pump- priming package. In connection with this, you are scheduled to attend the Japan-U.S. summit talks late this month, and, at the talks, the United States is expected to again demand setting numerical targets to reduce Japan's trade surplus. While Foreign Minister Hata has showed a flexible attitude toward the U.S. demand, what is your personal opinion on that point?

[Hosokawa] Current account balances move according to the results of unrestricted economic activities, and I personally believe no economic policies can have a significant impact on it. Therefore, I think setting such targets is undesirable.

[Correspondent] The pump-priming package refers to the possibility of income tax cuts as a package with a future review of the balance between direct and indirect taxes. It is believed a consumption tax hike is one of the likeliest options to raise funds for income tax cuts. What is your stance toward the consumption tax hike?

[Hosokawa] Before cutting the income tax, we must consider its cost efficiency and revenue resources to cover it. As I said during the previous Diet session, a review of the consumption tax rate should be discussed within the framework of comprehensive tax-system reform. The emergency pump-priming package says tax rates should be comprehensively reviewed by the government's advisory tax system research council. The appropriate rate of consumption tax is also supposed to be discussed by the council.

[Correspondent] Do you plan further measures for deregulation? And, there is an opinion that, while you directed government agencies to work out deregulation plans at their own initiative, such plans would certainly have their limitations since not all agencies have a positive stance toward the issue. What is your opinion on that point?

[Hosokawa] I have asked ministers on many occasions to work out plans for deregulation and each minister has taken a lead in working out plans and urging officials. I think the plans are substantial. While there are opinions questioning the effectiveness of bureaucrat-led deregulation, government ministries and agencies should handle the plans because of the need for working-level expertise. Please let me repeat this: The package was worked out at the initiative of not only government officials, but also myself and cabinet members. [coverage of the news conference ends abruptly at this point]

Praises Economic Package

OW1609113093 Tokyo KYODO in English 1117 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—Prime Minister Morihiro Hosokawa said Thursday [15 September] that although a just unveiled 6.2 trillion yen economy-spurring package is not perfect, it is the best his government can formulate at present.

"I don't think this is good enough, but I believe we have done the best we could do at the moment," Hosokawa said at a news conference. "I am certain this will produce some effects in itself."

The new package, reflecting the government's policy shift of emphasis from producers to consumers, will ease economically restrictive administrative regulations, pass on benefits from the strong yen to consumers and improve the social infrastructure.

About 1 trillion yen has been set aside for improvement of the social infrastructure.

The new economy-boosting measures followed a 13.2 trillion yen economic stimulus program adopted in April.

On a trade front, the premier of the coalition government brushed aside the idea of setting a numerical target for slashing Japan's huge trade surplus with the United States.

"The current account is the result of free economic activities and I don't think it can be adjusted through economic policies," he said. "So I'm against the idea of setting such targets."

Asked if his government will reduce income taxes as an economic stimuli, Hosokawa said only that a government tax panel is examining the nations's tax system and that his government is awaiting the panel's recommendations.

The hike of the consumption tax rate from the present 3 percent should also be considered when reviewing the whole taxation system, he said.

Business Leaders View Package

OW1609142593 Tokyo KYODO in English 1304 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—Business leaders said Thursday the government's new pump-priming package is not strong enough to pull the economy out of the doldrums.

They blamed the package's failure to include income tax reductions, a measure for which various quarters have been long clamoring as a way to spur sluggish personal spending.

The 6.15 trillion yen package was ambiguous about income tax cuts, only saying broad tax reforms would be discussed by the government's tax commission.

This is taken to indicate the government favors steps to reduce income tax in a broader context of correcting the heavy reliance on direct taxation.

Takeshi Nagano, president of the Japan Federation of Employers' Associations (Nikkeiren), said steps with immediate effects are necessary to help Japan overcome its difficulties.

Income tax cuts as a means of shoring up the economy should be carried out first, said Yutaka Kume, who heads the Japan Automobile Manufacturers Association. Kume indicated he wants the cuts even if means issuing deficit-covering bonds.

Almost all stimulus measures spelled out in the package would take time before actual effects are seen, said Yoshiaki Itakura, head of the Japan department stores association.

The government should have taken stronger fiscal and monetary steps in the package, said Tadahiko Shinohara, senior managing director of Hitachi Ltd.

But others, like Hajime Tsuboi, leader of the Real Estate Companies Association of Japan, defended the government's stance on tax cuts, saying it made the right decision in focusing the package on deregulation which does not require financing.

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said he appreciated the package, particularly the deregulation, as very decisive in view of the worse economic conditions.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai) and Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, also gave the package high marks.

Hosokawa Tells Panel To Map Economic Reform

OW1609060693 Tokyo KYODO in English 0535 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—Prime Minister Morihiro Hosokawa on Thursday [16 September] instructed an advisory panel to map out a basic stance on a broad restructuring of the economy.

He also told the first meeting of the Economic Reform Study Council at his official residence that necessary measures should be formulated to shift the Japanese economic and social structure to one favorable to consumers, a government official said.

Hosokawa at the same time asked the panel to hammer out measures to turn Japanese society into one full of vitality and creativity, as well as in harmony with the international community, the official said.

He formally appointed Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), as head of the 15-member council, which will compile a report on economic reform by the year- end.

Hiraiwa, also chairman of Tokyo Electric Power Co., told a news conference that the council will meet three or four times a month.

At its next session, set for October 4, the panel will listen to opinions of government ministries and agencies on economic restructuring, Hiraiwa said.

The council, asked to draft a paper similar to the 1986 "Maekawa report," will examine ways to make the economy more oriented toward growth led by domestic demand in the face of growing criticism of Japan for its bulging trade surplus.

The Maekawa report, drawn up by a panel led by a former Bank of Japan Governor, the late Haruo Maekawa, called for changing Japan's export-oriented economy to one led by domestic demand. Most of its proposals were not realized.

Hiraiwa said specific items to be included in a final report will be decided in the course of discussions, adding that the council may present to the premier an emergency recommendation on economic reform.

Asked how it can be ensured that the report is implemented, he said only that some council members spoke of the need to take measures to carry out their proposals.

Hiraiwa also said the opening of Japan's rice market and setting numerical targets for boosting the nation's imports from the United States will be among matters discussed.

Some members of the council regard slashing Japan's huge trade surplus as the top priority and others said the council should compile a report that the rest of the world will appreciate, a government official told reporters in a briefing.

Hiraiwa said the council members are all tremendously enthusiastic about their task and hope their debates will be substantive.

Business 'Skeptical' on Economic Reform Panel

OW1609140693 Tokyo KYODO in English 1347 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—Japan's business world is skeptical about how effective a new economic advisory panel formed at the request of Prime Minister Morihiro Hosokawa will be, business sources said Thursday.

The 15-member panel led by Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), is to map out a basic stance on a broad restructuring of the economy by the end of this year.

Coming up with ways to reduce Japan's huge current account surplus and turning the society into one in which people can fully enjoy affluence are the main tasks set for the panel.

It is expected that the goals cannot be attained without radical and painful reforms of the administrative systems.

With many of the 15 members being former senior officials of the government, the nation's business world is rather doubtful about the panel, the sources said. Government ministries and agencies are each preparing to protect their territories against whatever the panel suggests be changed, they added.

There is also dissatisfaction within the business community about the pump-priming measures the government unveiled earlier in the day, the sources said.

Hiraiwa is expected to take strong initiatives in the panel, they said.

Opening the panel's first meeting Thursday, Hiraiwa said, "our tasks are to create a principle of economic reforms and to formulate policies to make the society one favorable to consumers and one standing in harmony with the international community."

He said the economic situation is more unclear than in 1986 when the Maekawa report was compiled, noting the people do not yet have the true feeling of being member of an affluent society, while fear of unemployment is spreading.

Asked about the fact that his panel include many former government officials, Hiraiwa said, "the prime minister did not mean them to represent ministries and agencies they used to work for. I hope each member will contribute from a viewpoint of benefiting the nation as a whole."

Fujii Expects G-7 To Welcome Stimulus Package

OW1609115593 Tokyo KYODO in English 1138 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—Finance Minister Hirohisa Fujii indicated Thursday that other nations would understand the great impact to be had on Japan's domestic demand with the just-announced new stimulus package.

"I will explain with confidence this new (package)," Fujii told a press conference after attending a meeting of economic cabinet ministers that decided on the new measures.

He was referring to a meeting of finance ministers and central bankers of the Group of Seven economic powers, expected to be held in Washington on September 25.

The only "tangible" figure in the package is some 6 trillion yen earmarked for such measures as additional social infrastructure projects and housing loans, he said.

But the program also includes measures for deregulations and the return to consumers of some benefits from the yen's sharp rise, of which their impact is "uncountable" but "extremely large," he said.

Referring to his earlier talks with U.S. Undersecretary of Treasury Lawrence Summers, now in Tokyo, Fujii said he explained the basic idea of the package, and Summers welcomed the early launching of the measures by the coalition government while expressing hopes for its effects on domestic demand.

As for the actual effects of the package, Fujii said the new package will combine with the previous pump-priming measures in which 90 percent of public works are still not executed to "substantially push up the economy in and after autumn."

Noting that the package is based on no issuance of deficit- covering bonds, he said his ministry will fully utilize the existing budget and the fiscal investment and loan program to finance the package.

An extra budget May be formed after his ministry gets a clear outlook of tax revenues in late autumn and consults with the ruling coalition parties.

On an income tax cut, which was not included in the package, Fujii said, "there is too much to lose, although some plus factors can be expected."

The package said the government will wait for "thorough" tax reforms, including income tax, to be discussed by its tax commission.

Dollar Rebounds on Rumors of Pump-Priming Measures

OW1609053293 Tokyo KYODO in English 0328 GMT 16 Sep 93

[Text] Tokyo, Sept. 16 KYODO—The U.S. dollar rebounded somewhat against the yen Thursday [16 September] morning in Tokyo but remained sharply lower on disappointment over Japanese economic stimulus measures.

The Bank of Japan apparently stepped in to buy dollars in the mid-104 range, dealers said, but the dollar's comeback halted below the 105 yen line.

The U.S. currency slid as players bet the pump-priming package, to be announced in the evening, will not satisfy U.S. demands for a quick boost to Japan's sagging economy, dealers said.

The dollar ended the morning at 104.83 yen, down 0.92 yen from Tuesday's finish of 105.75 yen but up 0.25 yen from its opening of 104.58 yen. The market was closed Wednesday for a holiday.

That compared with late Wednesday quotes of 105.80-90 yen in New York and 105.70-80 yen in London.

Leaked details of the government's pump-priming package suggest it will come to some 6 trillion yen, including public works and "social infrastructure spending" and 2 trillion yen for housing.

But an early morning wire service report said an unnamed U.S. official complained that the plan apparently omits big tax cuts. And dealers said hopes were dimming that the bank of Japan will soon make a long-expected cut in its key lending rate.

The market "had a big reaction" to the report and the arrival later in the day of U.S. Treasury Undersecretary Lawrence Summers, said dealer Yuko Fukakusa at Tokai Bank.

"Japan is nervous," she said.

Summers has repeatedly called for Japan to act decisively to boost domestic demand, and thus imports, to cut its huge trade surplus, and dealers say that if Washington is unhappy with Japan's economic measures, pressure will return for a high yen as a tool to help even the bulging trade imbalance.

The Bank of Japan apparently propped up the dollar at the morning lows, dealers said. Fukakusa said the dollar looked firm at 104.40 yen.

"Chances are slim for one-sided dollar-selling" as a sharply lower dollar could reignite domestic U.S. inflation fears," said a dealer at a large commercial bank.

The market apparently took the report as an excuse to bring the dollar back to its 103-105 yen trading range, Fukakusa said.

The dollar moved between 104.50 yen and 105.05 yen in the morning, with the most frequently traded rate at 104.90 yen.

Spot trading volume totaled 5,468 million dollars, while swap transactions came to 6,348 million dollars.

Kubota Views Calls for Higher Consumption Tax

OW0709082493 Tokyo KYODO in English 0659 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—The director general of the Economic Planning Agency [EPA] expressed concern Tuesday [7 September] over growing calls for a raise in the general consumption tax from the present 3 percent.

Manae Kubota also told reporters she favored housing-related tax breaks as part of the government's pump-priming measures to be announced this month.

Kubota said such privileges would help boost spending on consumer durables.

NTT Applies for Long-Distance Phone Rate Cut

OW0809063393 Tokyo KYODO in English 0551 GMT 8 Sep 93

[Text] Tokyo, Sept. 8 KYODO—Nippon Telegraph and Telephone Corp. (NTT) applied to the Posts and Telecommunications Ministry on Wednesday [8 September] for an average 21 percent cut in long- distance telephone rates, ministry officials said.

The officials said the new rate for day-time calls will equal those of NTT's rivals on the telecommunications market. They said the company hopes to implement the rate cut by the end of October.

Prices on Sugar To Decrease Due to Stronger Yen

OW0709120093 Tokyo KYODO in English 1131 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—The government said Tuesday [7 September] it will lower prices paid for domestic and imported raw sugar for the 1993 crop year that begins 1 October because of falling world prices and a stronger yen.

As a result, the maximum price paid for imported raw sugar will drop 0.3 percent, or 500 yen, to 159,300 yen per ton and the minimum price paid for imported raw sugar will fall 7.4 percent, or 2,100 yen, to 26,300 yen per ton, according to the Ministry of Agriculture, Forestry and Fisheries.

The price paid for domestic raw sugar will be down 1.8 percent or 2,400 yen to 127,700 yen per ton, the ministry said.

A ministry official said he expects the price cuts to push down retail prices by the same margins as sugar makers are likely to slash their shipment prices by 2.11 yen to 153 yen per kilogram.

In Japan, the government regulates prices of raw sugar as the Japan raw silk and sugar price stabilization agency purchases all domestic and imported raw sugar and sells it to sugar makers.

North Korea

Kim Il-song Receives PRC's NPC Delegation

SK1609104093 Pyongyang KCNA in English 1025 GMT 16 Sep 93

[Text] Pyongyang, September 16 (KCNA)—The great leader President Kim Il-song today received the visiting delegation of the National People's Congress [NPC] of China led by vice-chairman of the NPC Standing Committee, Wang Hanbin.

Present on the occasion were chairman of the Supreme People's Assembly, Yang Hyong-sop, and vice-minister of foreign affairs, Cho Kyu-il.

And charge d'affaires ad interim of the Chinese Embassy in Pyongyang, Ning Fukui, was on hand.

President Kim Il-song conversed with the guests in a cordial and friendly atmosphere.

Receives Gift From Delegation

SK1609111293 Pyongyang KCNA in English 1027 GMT 16 Sep 93

[Text] Pyongyang, September 16 (KCNA)—The great leader President Kim Il-song received a gift from the visiting delegation of the National People's Congress [NPC] of China.

The gift was conveyed to an official concerned by head of the delegation Wang Hanbin, vice-chairman of the NPC Standing Committee.

Kim Chong-il Receives Gift

SK1609111493 Pyongyang KCNA in English 1029 GMT 16 Sep 93

[Text] Pyongyang, September 16 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from a delegation of the National People's Congress [NPC] of China on a visit to Korea.

The gift was handed to an official concerned by head of the delegation Wang Hanbin, vice-chairman of the NPC Standing Committee.

Kim Il-song Receives Notes From Foreign Leaders

SK1609053993 Pyongyang KCNA in English 0413 GMT 16 Sep 93

[Text] Pyongyang, September 16 (KCNA)—Messages of greetings came to President Kim Il-song of the Democratic People's Republic of Korea on the occasion of the 45th founding anniversary of the DPRK.

They came from Kiro Gligorov, president of the Republic of Macedonia; Gouled Aptidon Hassan, president of the Republic of Djibouti; Gnassingbe Eyadema, president of the Republic of Togo; Pascal Lissouba, president of the Republic of the Congo; Wasim Sajjad, president of the Islamic Republic of Pakistan; J. M. Bio, acting head of state of the Republic of Sierra Leone, Abdou Diouf, president of the Republic of Senegal; France Albert Rene, president of the Republic of Seychelles; Miguel Trovoada, president of the Democratic Republic of Sao Tome and Principe; Felix Houphouet-Boigny, president of the Republic of Cote d'Ivoire; Imamali Rakhmanov, head of state and chairman of the Supreme Soviet of the Tadzhik Republic; and Levon Ter Petrosyan, president of the Armenian Republic.

They extended warmest congratulations to President Kim Il-song and wished him good health and happiness.

They said that the excellent relations of friendship and cooperation between Korea and their countries would be further consolidated in the interests of the peoples of these countries.

President Kim Il-song received a message of greetings from Sadao Yamahana, chairman of the Central Executive Committee of the Social- Democatic Party of Japan.

Daily Says South Meddling in Talks With U.S.

SK1609050693 Pyongyang KCNA in English 0427 GMT 16 Sep 93

["Brazen Self-Opinionated Act"—KCNA headline]

[Text] Pyongyang, September 16 (KCNA)—NODONG SINMUN today denounces the South Korean authorities for making unreasonable remarks as regards the third-stage DPRK-USA talks.

The news analyst says:

The South Korean authorities claim that the third-stage talks between the U.S. and the DPRK "cannot be opened" unless inter-Korean dialogue is promoted and the "nuclear inspection" problem is resolved. They still beg for "sanctions" against the DPRK over the "nuclear problem."

It is contrary to diplomatic common sense that the South Korean authorities with no power meddle in talks between two sovereign states, the DPRK and the USA, raising their selfish demands.

While refusing to accept our proposal for solving the nuclear and other pending issues of the Korean peninsula through North-South dialogue, the South Korean authorities are trying to put a brake on the DPRK-USA talks on the pretext of North-South dialogue at a time when progress is being made in the solution of the nuclear problem of the Korean peninsula between the DPRK and the USA. This is a self-contradictory, self-opinionated act, which reveals their sinister intention.

All their acts are motivated by a mean scheme to delay and stop the process of the solution of the nuclear problem and the denuclearisation of the Korean peninsula by encumbering the DPRK-USA talks and get something from international "sanctions" against the DPRK.

It cannot go unnoticed that the South Korean rulers are misleading public opinion by alleging that the North is to blame for the suspension of North-South dialogue. Recently, the "vice- minister of the unification board" said South Korea "is willing to have any form of dialogue if it could solve the nuclear problem," implying that the North did not like dialogue.

It is the South Korean authorities that are wholly to blame for the failure to resume North-South dialogue.

They, having broken up North-South dialogue, are trying to shift the blame on to the North and raising the resumption of the dialogue as a condition for DPRK-USA talks. This shows they have not an iota of conscience.

KCNA on South Foreign Minister's Remarks

SK1609044293 Pyongyang KCNA in English 0421 GMT 16 Sep 93

["Downright Challenge of Separatist"—KCNA headline]

[Text] Pyongyang, September 16 (KCNA)—The South Korean "foreign minister", Han Sung-chu, again taking issue with the fictitious "nuclear problem" of the North, reportedly told the "Advisory Council for Democracy and Peaceful Unification" on September 14 that "the international mutual assistance system would be maintained" and that "international pressure and sanctions against the North are inevitable".

This is an open declaration of their intention not to accept our proposal for an exchange of special envoys, a criminal act of dropping the checkbar on North-South dialogue and a downright challenge to us.

As is known, when we raised again the question of exchange of special envoys between the North and the South on September 6, we urged the South side to unequivocally express its attitude to discontinue all nuclear war exercises and refrain from seeking "an international mutual assistance system" in the nuclear problem.

Han Sung-chu's persistent argument for "an international mutual assistance system" while refusing to accept our just demand eloquently proves that the South Korean authorities have no intention to have dialogue with us.

Exasperating, indeed, is such double-dealing, confrontational act of the South Korean authorities as keeping mum about the discontinuation of nuclear war exercises that threaten the North while proposing the solution of the nuclear problem, seeking to maintain "an international mutual assistance system" to stifle the dialogue partner while pretending to be willing to sit at the negotiating table with the North, and, furthermore, calling for "international pressure and sanctions" against the North.

Facts fully reveal that they are dyed-in-the-wool traitors to the nation and separatists who have no intention and will to resolve the nuclear problem and achieve a peaceful reunification of the country but are trying their hardest to overpower the North in league with outside forces.

If they really intend to solve the nuclear problem on the Korean peninsula, they must turn to the stand of national independence and accept without delay the North's just demand for an exchange of special envoys.

Daily Cites Kim Chong-il on Father's 'Greatness'

SK1609112093 Pyongyang KCNA in English 1023 GMT 16 Sep 93

["Greatness of the Leader is the Dignity and Honor of Country"—KCNA headline]

[Text] Pyongyang, September 16 (KCNA) - It is entirely under the guidance of a great leader that Korea which had suffered an eclipse on the world map has become to enjoy high dignity and honor as a prospering genuine country of the people, declares NODONG SINMUN in a by-lined article today.

It quotes the dear leader Comrade Kim Chong-il as saying:

"Our country is the bosom of the great leader. Our socialist country has been provided by him and he is the symbol of its greatness."

The article notes:

The proud history of our country is the history of the glorious and brilliant revolutionary activities of the great leader Comrade Kim Il-song.

He embarked upon the road of revolution at the age of 13, determined not to return until Korea became independent. He brought the liberation to the country, undergoing hardships and difficulties, and has built a socialist power independent, self- supporting and self-reliant in national defence.

Our country built by the great leader is throwing its rays as a socialist country daily prospering under the wise guidance of the dear leader Comrade Kim Chong-il.

Our country has greeted a great heyday today under his wise guidance. Korean-style socialism centred on the popular masses is bringing its invincible vitality into full play each day.

Comrade Kim Chong-il who made the historical pledge "O Korea, I will add glory to thee" has vigorously guided our country to prosperity and development under the banner of the chuche idea. It was he who put forward the policy of modelling the whole society on the chuche idea to indicate a bright future of our country and who brought about epoch-making changes and built many grand monumental edifices adding shine to the Workers' Party era on this land. It is also he, the supreme commander of the Korean People's Army, who has steadfastly defended Korean-style socialism, smashing all manner of challenges by the imperialists and other enemy of revolution, and fully demonstrated the dignity and honor of the country. It is the unshakable stand of the dear leader that the party is needed for the country and everything is needed for it. He starts everything of the revolution and construction for the country and subordinates everything to it.

Guided by Comrade Kim Chong-il, our prospering country has a better, brighter future.

South Korea

Report on U.S.-North Contact in Beijing

SK1509231393 Seoul KBS-1 Radio Network in Korean 2208 GMT 15 Sep 93

[Text] The 35th U.S.-North Korean councillor-level contact was held in Beijing on 15 September. The contact was made at the suggestion of the U.S. side.

It has been learned that the U.S. side informed North Korea of its government's official position that the third round of the U.S.- North Korean contacts is unlikely to be held unless North Korea responds to the issue of North-South dialogue.

It has been learned that the United States had called on North Korea in their 34th contact last month to negotiate with the International Atomic Energy Agency.

Report on U.S. House Action Against North

SK1609033393 Seoul YONHAP in English 0311 GMT 16 Sep 93

[Text] Washington, Sept. 15 [date as received] (YONHAP)—The U.S. House of Representatives has adopted a "sense of congress" urging the U.S. President, U.S. allies and the United Nations Security Council to exert pressure on North Korea to adhere to the Nuclear Non-proliferation Treaty, it was reported Wednesday [15 September].

The House also said North Korea should be made to provide full access to the International Atomic Energy Agency (IAEA) for inspection of its nuclear facilities in the shortest time possible.

The sense of congress was adopted by voice vote during deliberation of U.S. defense legislation for fiscal 1994 on Monday night.

The sense of congress, tabled by Rep. Pete Stark, (D-Calif.), notes that possession by North Korea of nuclear weapons would threaten peace and stability in Asia, would jeopardize the existing nuclear non-proliferation regime and would undermine the goal of the United States to extend the treaty on the non-proliferation of nuclear weapons at the 1995 review conference.

It urges that no trade, financial, or other economic benefits be provided to North Korea by the United States or U.S. allies until North Korea has provided full access to the IAEA, satisfactorily explained any discrepancies in its declarations of bomb-grade material, and fully demonstrated that it does not have or seek a nuclear weapons capability.

It calls on the U.S. President and the international community to take steps to strengthen the international nuclear non-proliferation regime.

Pyongyang Proposes Negotiations With IAEA

SK1509225893 Seoul KBS-1 Radio Network in Korean 2205 GMT 15 Sep 93

[Report by correspondent Cha Man-sun from Vienna]

[Text] North Korea has officially proposed to the International Atomic Energy Agency [IAEA] that the second round of nuclear negotiations be held in Pyongyang.

Kyd, director of the Public Relations Department of the IAEA, announced today that North Korea sent such a message. Accordingly, the IAEA will deliberate on dispatching a negotiation delegation to Pyongyang, he said.

The IAEA announced, however, that North Korea had failed to clarify a specific date or an agenda for the second round of negotiations and repeated its previous stance on various issues including partiality in special inspections [tukpyol sachal].

French President Mitterrand Continues Visit

Comments on Agriculture, Train

LD1509192793 Paris France-Inter Radio Network in French 1700 GMT 15 Sep 93

[Text] In Seoul, where he is coming to the end of his Korean trip, President Mitterrand—incidentally, he has fully recovered from his indisposition—has not forgotten the rural crisis. France, he said, wishes for a global accord on trade, but, he said, this accord must not threaten France's agricultural heritage.

Then, referring to the recent introduction of the French high-speed train [TGV] on the Korean market, the president expressed his wish to see similar successes:

[Begin Mitterrand recording] The TGV must have babies, so to speak. We must reach more and more of such agreements, especially in the high technology fields. France is not the best country in every field but it is the best in many fields, in particular those of communications and transportation, aircraft, helicopters, subway trains, cars, the TGV, but also in many other fields, civilian nuclear technology, the environment, space, and many more. We absolutely must sign, if you accept the analogy, other TGVs in other projects of a similar dimension. [sentence as heard] [end recording]

Concludes Visit

SK1609005493 Seoul YONHAP in English 0043 GMT 16 Sep 93

[Text] Seoul, Sept. 16 (YONHAP)—French President Francois Mitterrand wound up a three-day state visit to South Korea on Thursday by personally handing over a historic document taken from the Choson Kingdom royal archives by French soldiers in 1866.

During his short stay, the first by a French head of state, Mitterrand had a summit with President Kim Yong-sam, toured the Taejon Expo, and addressed the National Assembly.

He guaranteed support for Seoul in tackling the North Korean nuclear issue and cemented economic partnership and industrial cooperation in advanced technology as France's bullet train technology is virtually chosen for the Seoul-Pusan high-speed railway project.

In a symbolic gesture of good will and stronger friendship between the two countries, Mitterrand personally handed over one of the 297 royal documents taken in a military clash in Korea 127 years ago.

He was making an exception by handing over the document, a detailed record of royal funerals, and repatriation of the rest of the archives would be further discussed by the foreign ministers, Mitterrand said.

His visit also stood out for its consideration for Korea. Mitterrand brought 31 additional cultural, sports and business people who have intimate relations with Korea, such as actress Sophie Marceau, GEC-Alsthom President Pierre Bilger, Sculptor Cesar Baldaccini, and World Taekwondo Chairman Mikael Meloul.

Transportation Minister Meets French Counterpart

SK1609032593 Seoul YONHAP in English 0254 GMT 16 Sep 93

[Text] Seoul, Sept. 16 (YONHAP)—South Korean Transportation Minister Yi Kye-ik asked the French Government Thursday to guarantee active transfer of bullet train technology as the TGV [high-speed train] has been virtually chosen for the Seoul-Pusan high-speed railway.

Yi told Bernard Bosson, France's Equipment, Transportation and Tourism Minister, that French TGV technology was a comprehensive composite of machinery, electronics and communications technologies and predicted it would have a great impact on Korean industry.

Yi, publicizing that 1994 is "Visit Korea Year," requested that Paris send many French tourists and proposed more airline destinations in France other than Paris.

French Aerospace Chairman Discusses Cooperation

SK1609024093 Seoul THE KOREA TIMES in English 16 Sep 93 p 3

[By staff reporter Pak Mu-chong]

[Text] South Korea could be a good partner of France in various joint-venture businesses, particularly in the field of technology, a visiting top French businessman said yesterday.

"As a potential partner, South Korea may be a symbol of French partnership with Asia, which has emerged to be a dynamic area in the world," said Louis Gallois, chairman and chief executive officer of the Aerospatiale Group.

"South Korea is in the center of such an Asia's economy, and at the top of the agenda for President Francois Mitterrand's state visit to Seoul is the economic cooperation," he said.

In an exclusive interview with THE KOREA TIMES, Gallois accompanying Mitterrand, expressed hope that his company, better known as the maker of Airbus aircraft, would form joint ventures with Korean firms, though he did not specify their names.

"We are open to such businesses," he said, recognizing the capacity of Korean firms.

He said his company is having discussions with Korean firms for joint ventures, even if they are still to be consolidated.

In particular, the leader of the state-run enterprise showed a keen interest in the supply of military equipment to South Korea.

In the field of military equipment, other countries have encountered difficulty in making inroads into the South Korean market as South Korea has maintained too close relationship with the United States, according to him.

"Although the two are of preferential relationship, we feel that things have changed slightly and we are ready to propose (military) equipment to the South Korean armed forces such as missiles and surveillance systems," he said.

The Aerospatiale Group had supplied helicopters to Korean defense forces, he said.

Asked about the transfer of French technology to South Korea, Gallois flatly declared, "One of the advantages we propose to South Korean industries is the transfer of technology."

"We are to get authorization from the government and are ready to explore this field for Korean industries," he said.

He stressed again that "we are ready to do that for mutual cooperation," apparently being aware of the Korean side's worry about France's willingness to transfer its high technology faithfully.

The transfer of technology is largely to affect the final negotiations between the Korean government and GEC-Alsthom manufacturing TGV [high-speed train] for the latter's supply of super trains for the Seoul-Pusan high-speed railway. The government seeks to conclude the talks toward the end of October.

As for the Korean government's choice of TGV as the would-be train type for the multibillion-dollar high-speed railway project, Gallois never hesitated to assert, "It is the right choice." He cited his experience of riding the fastest train as the reason.

Aerospatiale has supplied 28 Airbus planes to South Korea, and has an order of 13 planes to be delivered by 2000.

Gallois is visiting Seoul for the second time. He worked as a finance attache at the French Embassy in Seoul from 1977 to 1978.

Kia Chairman Visits Iranian President 14 Sep

SK1609020993 Seoul THE KOREA TIMES in English 16 Sep 93 p 7

[Text] Kia Group Chairman Kim Son-hong met with Iranian President Hashemi-Rafsanjani at the presidential palace in Tehran Tuesday [14 September]. Kim is the first Korean businessman to have an audience with the Iranian president.

According to a group spokesman, Hashemi-Rafsanjani expressed his sincere appreciation to Kim for Kia Motors helping Saipa, an automaker in Iran, assemble Kia's "Pride" model within a short period of six months.

In return, Kim assured the Iranian president that Kia will help the Iranian car industry localize more than 60 percent of its parts over the next five years, the spokesman said.

With the establishment of a technical tie-up with Saipa, Kia will supply 20,000 Prides to Iran this year and 50,000 from next year on.

Editorial Discusses Uruguay Round Talks

SK1209011393 Seoul THE KOREA HERALD in English 12 Sep 93 p 6

[Editorial: "Last-stretch UR talks"]

[Text] All contracting parties to the General Agreement on Tariffs and Trade are reportedly bracing themselves for the last stretch of the Uruguay Round [UR] negotiations which now stand a good chance of being concluded "in a few months." A Korean delegation is attending the talks in Geneva, Switzerland. They are presently engaged in talks with their U.S. counterpart.

As a result, the nation is obliged to be better prepared for the challenges from growing global competition, considering the tremendous effect the results of the talks would have on the Korean economy. South Korea has long held up a list enumerating nine agricultural products it hopes will be eligible for trade protection for the purpose of maintaining Korea's agricultural industry.

These are commodities whose production and consumption are vital to our nation's food security, and it is especially so in the case of rice which accounts for the lion's share of our agricultural endeavors. Internationalization of the economy through free trade ought to be achieved, we feel, in a way that would not totally undercut the base of our essential native industries.

This minimum request of ours could hardly elicit compliance from the major exporters of farm products. However, efforts must be arduously made to secure their understanding, so that these items would be exempted from liberalization or our grace period extended as long as possible.

The hardest blow is, of course, expected in the agricultural sector. But this is not all. Our preparedness should be stepped up in also vulnerable sectors such as banking and similar service industries. A well-rounded and correct picture of the Uruguay Round talks needs to be presented to the general public who may be misinformed and unduly alarmed about the matter.

Mere protest and rejection will get us nowhere. What needs to be accepted should be accepted with good preparedness, while in the long run, our alternatives are pursued with creativity. Chauvinism is not the order of the times, yet due efforts to protect one's interests in a relevant manner is not to be faulted.

Joint Chiefs of Staff Report on North Korea

'No Knowledge' on New Missile

SK1609090193 Seoul YONHAP in English 0847 GMT 16 Sep 93

[Text] Seoul, Sept. 16 (YONHAP)—South Korea's military said Thursday [16 September] it has no knowledge of the reported development by North Korea of a Scud-E ballistic missile (Nodong-2) with a maximum range of 2,000 kilometers.

A senior officer at the Joint Chiefs of Staff [JCS] said that the military had not discussed the matter with its U.S. counterpart either.

Confirmation of the development of any new ballistic missile is possible only if North Korea test fires it, the officer said, asking that his name be withheld.

In a report on Tuesday to the U.S. House of Representatives, a U.S. expert on missiles, Joseph Bermudez, said that North Korea is developing a 1,500 km to 2,000 km Scud-E as a follow-on to the Scud- D (Nodong-1). He attributed his report to unidentified sources.

If the report is correct, this system is most likely only in the design stage at present and is unlikely to be seen in prototype form until after 1995, Bermudez said.

The JCS officer said he could not confirm another U.S. report that North Korea is digging tunnels near the Demilitarized Zone (DMZ) in order to transport men and equipment.

When he analyzed all of the available information on military activities in North Korea, it appeared North Korea was using the so- called nuclear card and making "we-will-fight-if-necessary" threats to maintain its communist system and pursue, after a fashion, its own national interests, the officer said.

He said North Korea is now upgrading the local military commands in three provinces, currently lacking regular corps, to the level of full-fledged corps and reinforcing the firepower of the front line- based corps by deploying more 170-mm self-propelled artillery with a range of 54 km and 240-mm multiple rocket launchers with a range of 70 km there.

North Korea is also building more than 20 naval vessels. It is trying to produce and deploy MiG-29s and unmanned aircraft, he said.

North Korea, which has been experiencing acute economic difficulties since 1989, has cut down the number of exercises by the Navy and Air Force but it has held tactical exercises on the division and brigade level this year, he said.

Estimate Military Strength

SK1609110493 Seoul KBS-1 Radio Network in Korean 1000 GMT 16 Sep 93

[Text] Even amid its economic crisis, North Korea continues to enhance its military strength by increasing troops in the nineties. Reporter Kim Yong-kun reports:

[Begin Kim recording] A recent analysis of the North Korean military forces made by the Joint Chiefs of Staff headquarters reveals that, as of the end of 1992, North Korea had increased its military strength from 16 corps or 144 divisions to 17 corps or 152 divisions, thus increasing it by one corps or eight divisions. As a result, North Korean troops have increased from 1,010,000 to 1,030,000. The number of tanks has increased from 3,700 to 3,800. The number of various artillery pieces has gone from 9,800 to 10,300. The number of naval vessels have increased from 740 to 770. North Korea, thus, has been greatly strengthening its military power despite its extremely difficult economic situation.

In addition to the quantitative increase of the military, North Korea is concentrating its efforts on modernizing military equipment by promoting the production of MiG-29 fighters and building ultramodern combat ships.

The Joint Chiefs of Staff headquarters believes that North Korea is strengthening its military power as a way of defending the system of the father Kim Il-song and son Kim Chong-il and of resisting outside pressures in connection with the nuclear issue. [end recording]

Ministry Targets Latin America for Trade

SK1609021993 Seoul THE KOREA TIMES in English 16 Sep 93 p 7

[Text] Korea will boldly turn its sights to Central and Latin America as new markets in the face of the growing economic regionalism spearheaded by the United States, the European Community and other advanced countries.

In particular, the trade and economic policies toward the region will be focused on strengthening industrial technology alliances, the Ministry of Trade, Industry and Energy announced yesterday.

The ministry said that it will actively take part in economic development plans being undertaken by Central and Latin America, and in resources development there.

As a first step, the government will try to join the Interamerican Development Bank (IDB) as Central and Latin American countries only allow members of the IDB to enter biddings for their public and private projects.

The government will positively consider taking part in the construction of air and sea ports, and industrial complexes in Peru and Paraguay as requested by the Peruvian and Paraguayan governments

Doing away with the hitherto endeavor to increase exports to the region, emphasis will be put on improving the quality of products so as to enhance their image there.

The ministry said that Central and Latin America have emerged as promising regions for Korea to invest and explore new overseas markets as countries in the region are undertaking mammoth economic development projects.

It plans to hold regular trade ministerial meetings with Central and Latin American countries to participate in natural resources development there.

Early next month, Assistant Minister Pak Un-su will lead a mission to Brazil, Argentina and other countries in the region to promote economic and trade cooperation.

Korea has been enjoying trade surpluses with Central and Latin America in recent years despite its setbacks with most advanced countries.

However, Korea's exports to the region are slowing down these days due to import restrictions and investigations of alleged dumping practices by Korean companies.

According to statistics from the ministry, Korea enjoyed a $1.084 billion surplus with Central and Latin America in the first half of this year, up 24 percent from the year before.

Specifically, exports to the region rose 15.6 percent to $2.310 billion and imports from it 9 percent to $1.226 billion.

The comparative export increase rates were 36.9 percent in 1991 and 72.4 percent last year.

Stockpile of Goods for Sale to Russia Grows

SK1309010193 Seoul YONHAP in English 0006 GMT 13 Sep 93

[Text] Seoul, Sept. 13 (YONHAP)—The stockpile of South Korean consumer goods that Russia was to purchase with Korean tied loans amounts to an estimated 40 million U.S. dollars, twice as much as the Seoul Government had announced.

According to trade sources Monday, the Korean consumer goods awaiting Russian purchase total 42 million dollars, or more than double the 18,120,000 dollars that the government had said.

The trade sources said they had compiled stockpiles of all the consumer goods producers and arrived at their figure.

Because of the delay in the Russian purchase, the burden on Korean manufacturers is increasing, they said.

For instance, one of the manufacturers, Tonjin Rubber Co., which had been stockpiling leather shoes for sale to Russia, went bankrupt, they said.

Many more small- and medium-size firms in a similar situation are faced with bankruptcy, the sources said.

Many of these firms are in straits because nearly all of them manufactured their products on condition that they would be purchased by Russia, they said.

The Seoul Government has suspended its loans to Moscow since Russia was unable to pay interest on loans already extended.

* DLP 'Wandering' Without Leadership

932C0167A Seoul SISA JOURNAL in Korean 17 Jun 93 pp 10-14

[Article by reporter Yi Hung-hwan]

[Text] The ruling DLP [Democratic Liberal Party] is wandering. The distressful situation of the DLP is something more than an internal affair of the government party. The inability of the ruling party to play its proper role means that a vacuum exists in the power establishment. Like it or not, one has to recognize that the DLP was the axis of power that played the role of the engine in creating the new government. But now, as the new administration enters its fourth week in office, the DLP is playing no roles at all; and this portends a future realignment of the political map.

These days a very delicate political matter is being discussed among some people around the DLP hierarchy and the center of power. Currently, a delicate air hangs over the question, who will be the ultimate beneficiaries of the fruit of reforms being undertaken by the Kim Yong-sam Administration? This question has become a subject of private discussion not only among politicians but also among university professors and some intellectuals and student activists.

The question has not yet come up to the surface, but it will have tremendous repercussions depending on how the situation develops. But most probably, it will become an acute political issue at about the time the National Assembly opens its regular session in September. This issue is straining the nerves of the political world, including the ruling DLP, because there is the possibility that a third yet-unorganized political force will become the beneficiaries of the reform measures.

The reform program of the new government is currently under way, but there is no visible fruit of reform yet; nor is this the time to predict the success or failure of the reform drive. It is too early to discuss who are the beneficiaries of reform. Nevertheless it is certain that the individuals, groups, or strata who will receive the benefits of the fruit of reform directly or indirectly will become the core forces of the next government. For this reason, the makeup of the third force that will draw the most benefits from reform is the matter of foremost concern.

The profile of the emergent political force is taking shape gradually. A professor of politics who prefers to remain anonymous say: "As things stand now, the forces outside the political establishment will have the best condition for coming into power. There are no clear signs yet that leading personages in these forces are aiming at power. But when more and more former dissidents join the power circles, it will make a difference." In the opinion of this professor, when a wide-ranging coalition of personages who have emerged as a new political force from the opposite side of the established politicos as well as the entrenched Establishment makes its way into the center of the powers that be, there cannot but be a radial change in the landscape of power. This change is bound to be a burden for the present government which "coexists" with the established political forces, unable to cut itself off completely from them. President Kim now has a monopoly power in commanding the political arena, but if this emerging force falls out of the range of his command, it will cause confusion.

Many of the personages with a dissident background, including those who have currently their seats in National Assembly, are widely scattered in the power structures. As far as these personages are concerned, there is no clear line of demarcation to indicate whether they are on the side of the government or opposition parties, whether they represent the Yongnam or Honam area. They have no factional sense centering on a particular leader, which was a blind point of past politics. Accordingly, they are in the most suitable political condition for organizing themselves into a group. Their most powerful weapon, although yet to be thoroughly tested, is their high standard of morality, freshness, and sincerity compared with the old political groups. On the other hand, their lagging sense of reality and self-righteousness are said to be their greatest weakness.

While attention is being focused on the emerging political force, the value of the ruling DLP's existence is diminishing. A DLP Party Affairs Committee member tersely said, "The DLP has no master." The DLP without the master! Is there really no master in the DLP? Officially, President Kim Yong-sam, who is also the president of the DLP, is the master of the DLP. But it is questionable that President Kim really thinks the DLP is his party. His attitude toward the DLP raises this doubt.

Professor O who majored in political science described the relationship between President Kim and the DLP as follows: "The DLP made him president, but President Kim seems to have no affection for the party. To exaggerate a bit, I get the impression that he has abandoned the DLP." In fact, it is no exaggeration to say that the DLP is in a state of being neglected. Even some DLP insiders complain, "President Kim is rushing ahead alone leaving the DLP behind." As a matter of fact, there is a considerable distance between President Kim and the DLP over the concept of reform.

How President Kim evaluates the DLP and its officials was clearly demonstrated in the first personnel action he took as president in choosing his Chongwadae staff and cabinet. Party professionals were shut out so completely that some critics said that the DLP was completely cut off. Even those members of the DJP faction who were on the presidential transition team were completely left out in the cold. President Kim augmented the key posts in his reform-minded government with outsiders, including former dissident personages. They were all placed in the Chongwadae and the Administration, but none of them in the party. That was not all. The key force in charge of the reform of the government was augmented, not with DLP officials, but with personages outside the establishment. So, it is natural that people say the DLP has been abandoned. To all intents and purposes, DLP politicos, including those of the DJP [Democratic Justice Party] and NDRP [New Democratic Republican Party] factions, do not meet the standards for working with President Kim.

The heavyweights of the DJP faction, a majority group in the DLP, are in the state of being disarmed. Even Assemblyman Kim Yun-hwan, not to mention Assemblymen Yi Han-tong and Yi Chun-ku, has virtually raised a white flag when he said, "I am also a member of the entrenched establishment."

Assemblyman Kim's judgement of the current political situation is that "reform is the tide of the times." According to him, when the leading force of reform appears in the fore ground, the entrenched establishment should fade into the background. Addressing the 22 May reorganization meeting of the DLP Yechon chapter in North Kyongsang Province, Kim Yun-hwan said: "People often say that we (the Taegu-Kyongbuk force) are receiving unkind treatment. I am well aware of that. I cannot help feeling the same way? But remember that we have been the Establishment in the past 30 years. At this juncture, when the new government is pushing for reform, we should step back a little for now."

In the judgement of Assembly Kim, President Kim will not look away from the DLP. Assemblyman Kim said, "He (President Kim) will use the DLP as his base of operation, won't he?" An assemblyman from the Republican faction, who is a close aide to DLP Chairman Kim Chong-pil, predicts that President Kim will not change the basic framework of the DLP.

Professor S diagnoses the DLP's ailment as a serious illness. Says he: "The DLP says it will lead the reform drive. But never, not even once, in Korea's political history did the ruling party take the initiative in reform.

The Korean political climate does not allow it. Most of the DLP figures are not the type of people who are fit to lead the reform drive. Some are reform-minded, but they have not yet built a power base strong enough to lead the party at the center. It is impossible for the RDP [Reunification Democratic Party] faction to take the initiative in reform under the present circumstance in which it does not hold key party posts, such as the three executive posts, in its hands.

The DLP put its Special Committee on Political Reform in action during the 166th extraordinary session of the National Assembly and succeeded to pass the law on the ethics for public servants by agreement with the DP. Professor S has a negative view of even this success. He says, "The party did not pass the law bill on the ethics for public servants on its own initiative. It passed the bill because the person at the top (the president) told it to."

In the opinion of Professor S, the same is true with other reform bills, including the bill of amendment to the law on political funds, which the DLP is preparing. He said: "The party has no ability to take the initiative in reform, nor are there any suitable conditions for such initiative. Given the present political party structures, neither the ruling party nor the opposition parties can expect their assemblymen play proper roles in the National Assembly. The best they can do is follow whatever decisions made at the top. The DLP is powerless."

When President Kim held a press conference with a lot of self-confidence on 3 June marking his 100th day in office, the atmosphere in the DLP was rather a bit more chilly than muggy. Chairman Kim Chong-pil was absent from the party headquarters because he was attending the party unity meeting at the Myongju-Yangyang electoral district in Kangwon Province, where a by-election was to take place. It was by accident, but the party chairman, the face of the party, was not at the party headquarters when President Kim was loudly calling for an "uninterrupted reform." This fact is symbolic of the present state of the DLP.

Chairman Kim Chong-pil, the front man of the DLP, is in a very awkward position. Some people in the party even say he is a "subcontractor for the Chongwadae." All that Mr. Kim does in the party is preside over meetings of high-level party officials and the Party Affairs Committee meetings and meets President Kim once every week. His weekly meeting with President Kim does not carry as much weight as those weekly meetings between then President No Tae-u and then DLP chairman Kim Yong-sam did. Reporters more frequently visit the office of Secretary General Hwang Myong-su right next to the chairman's office on the sixth floor of the party building than the office of the party chairman. This is indicative of the status of the party chairman.

To add insult to injury, DP President Yi Ki-taek has opened a barrage of fire on Kim Chong-pil by using the issue of the "16 May coup" as an excuse. The range of power for Kim Chong-pil, who is having a hard time inside and outside the party, is narrowing with the passage of time.

Particularly, the rise of Kim Myong-yun grates the nerves of LDP Chairman Kim Chong-pil. In the event Kim Myong-yun emerges as the center of gravitation for the reform force of the RDP faction, it is highly possible that Kim Chong-pil will be willy-nilly perceived as the spokesman of the entrenched establishment. That is precisely the reason attention is now focused on Kim Myong-yun. Kim Myong-yu unsuccessfully ran for the National Assembly from the national constituency in the 13th National Assembly election on the ticket of the RDP led by then its president, Kim Yong-sam. During the 14th National Election, DLP Chairman Kim Yong-sam tried to nominate Kim Myong-yun as a DLP candidate from the national constituency in the face of objection by President No Tae-u, but the move fell through. President Kim has a psychological debt to Kim Myong-yun.

There are two opposing views in evaluating Kim Myong-yun. Some say that even if he has a place in the DLP, there is not much he can do. According to this opinion, his personality and the power dynamics of the party make it difficult to anticipate that he will someday stand on the front-runner among the party heavyweights. Even if he becomes the front man of the DLP, his ability is far short in catching up with President Kim's political prowess, and he has no extensive political experience comprehensive enough to readjust the complicated power mechanism of the party.

The power vacuum in the DLP has to be filled any way. At present President Kim, who takes the supreme command of the reform-dominated political scene, is filling this vacuum. Perhaps, President Kim might have intentionally put the DLP in "the state of vacuum." The group that is best fitted to fill the power vacuum is the RDP faction. But this faction is a minority in numerical terms. Therefore the RDP faction needs to receive a fresh supply of personages from the outside. The people President Kim has supplied so far to the forces of reform were personages whom the past governments classified as progressive intellectuals belonging to the dissident forces in the broader sense of the words.

Pak Yong-il—a lawyer who has been regarded as a staunch opposition figure because of his connections with Hangyore Democratic Party and the Masses Party—had been favored as a candidate for the National Assembly by-election in the Myongju-Yangyang electoral district before Kim Myong-yun was nominated. The key officials of the ruling camp who contacted Pak in connection with the nomination process were Kim Chong-nam, Chongwadae senior secretary for education and culture; and Chong Song-chol, assistant to the first minister of state. (Chong's rank is equivalent to vice minister). Pak Yong-il was shoved aside in favor of Kim Myong-yun, his big senior in the legal profession, at the last moment, thus he lost his opportunity to make a debut in the National Assembly. But in the early stage, he was the most favored candidate for the nomination.

During the aforementioned press conference, President Kim predicted that there would be a replacement of personnel in the political world in the 15th general election. He meant to say that a political reorganization will take place through the election, not an arbitrary reorganization. In some DLP circles they predict that some of the DLP assemblymen will be weeded out before the 15th general election in order to effect a gradual change in the composition of DLP assemblymen through a series of by-elections. However, there is a limit to this method. For whatever reasons, DLP assemblymen are leaving the party one after another. President Kim has never pretended to dissuade them from leaving. A Party Affairs Committee member belonging to the DJP faction said: "Obviously, President Kim does not give much weight to the party. If he attaches importance to the party, he must have embraced any one of such DJP heavyweights as Kim yun-hwan, Yi Han-tong, and Yi Chun-ku. But there has been no sign that he did. The DLP is nothing but a shell." There are no signs yet that the assemblymen of the DJP faction who have been nervously sitting on "the dock" since the disclosure of property owned by public officials are plotting to stage an organized resistance. Instead of trying to organize themselves within the party, some of them are rather leaving it in an attempt to dodge the incoming arrows.

For National Assembly members to withdraw from their political parties, particularly the government party, signifies the hollowing of the established political forces. That is why there is a talk about the "September crisis" in certain political circles, including the DLP. The rumor says in essence that if the present political situation continues, the DLP will encounter a major resistance from the opposition parties and dissident forces in the National Assembly session in September.

It is clear as daylight that DLP officials belonging to the DJP and NDRP factions and those members of the RDP faction who have been shut out from the power center or who expect no benefits from the reform program will abandon themselves to despair, letting things take their own course. Moreover, if they come under fire from the opposition during the National Assembly regular session in September, it is possible that the DLP, the party in power, will lose the political initiative to the opposition rock, stock, and barrel because of the failure of its assemblymen to show any positive stand.

Former President No created the DLP through a three-party merger, but he failed to turn it into "his own party." This failure led to the failure of the DJP faction, the majority in the DLP, to hold the reins of government once again. In this process President Kim Yong-sam seized power using the DLP as his base, but bound the hands and feet of the ruling DLP, and far from showing affection, still maintains his negative attitude toward it saying, "they are not yet shedding the tears of repentance."

When will the DLP stop wandering? The forces of reform predict a sweeping personnel replacement in the 15th general election, but that election will take place in 1996, thre years away. It is highly doubtful that the current unstable situation will last three years.

Independent Representative Joins Ruling Party

SK1109060693 Seoul YONHAP in English 0307 GMT 11 Sep 93

[Text] Seoul, Sept. 11 (YONHAP)—Independent Rep. Choe Yong- han joined the ruling Democratic Liberal Party [DLP] on Saturday, boosting the number of National Assembly seats held by the DLP to 173.

Rep. Choe, an actor-politician whose stage name is Choe Pul-am, quit the United People's Party after party founder Chong Chu-yong left it.

* Economic Sector Nervous About Reform Agenda

932C0172A Seoul SIN TONG-A in Korean Jul 93 pp 204-213

[By reporter Pak Yong-kyun]

[Text] "I was examining last quarter's performance records by affiliate when I discovered an interesting phenomenon. Sales clearly shrunk, but profits increased. This means that useless expenditures are being reduced..." (an executive from the K group's Business Planning Office).

"It's natural that businesses aren't investing. The economy has not yet got off the ground, and, on top of this, distrust for the government is common among businessmen whether anyone is aware of it or not. Could it be distrust of politicians?..." (Mr. L, an important businessman).

"Lately, business is terrible. With all this talk of 'Sajong' [purge or reform—a special term used for the Kim administration's reform activities] and 'Burden [lit. Pain] Sharing,' customers have disappeared. I can't give up because of that, but..." (Mr. J, a Kwachon grocery store owner)

The Kim Yong-sam administration, said to have an over 90 percent approval rating, is not getting the high marks from the economic sector that it is from the political and social sectors in which reform is going along at a brisk pace. Rather, assessments run counter to this: some even insisting that the sajong exerts a bad influence on the economy. Furthermore, it takes time for the effects of policy to show in the economy. Whether it is big business or medium and small businesses, whether it is the self-employed or those on salary, as yet, all are tending to be stingy in the grades they are giving the new administration for the New Economy it is advocating. Even if they gave relatively generous marks, it would just mean that the level of their expectations for the future is high.

If we look for something in common in the responses of these people, it is that they are "uneasy and uncertain." This also means that they feel ill at ease because the government seems about to do a great deal of something, but is not making clear its blueprint or master plan. To put it another way, they believe that the "New Economy," emphasized in publicity by the new administration, is unreliable.

Some even question whether it really contains a new economic philosophy worth calling the "New Economy." This is precisely the point of the criticism that we cannot find in this economic policy, said to contain innovative measures, a program intended to fix the economic structure itself, and not just follow the growthism of the past era of development dictatorship. Those making these arguments criticize the "New Economy Team," reasoning that the new administration, too intent on immediately revitalizing the economy, is missing an opportunity for reform.

There is a reason for the appearance of this kind of criticism. All one has to do is look at the policy decision-making process or at the various policies adopted during the little over one hundred days since the birth of the new administration. It seems as if something is being achieved, but actually, there have been no tangible results. It gives one the impression that there has only been a great deal of conclusionless discussion. Actually, it may be natural that there are no results. In their responses, almost everyone agrees that the "New Economy Hundred-Day Plan," carried out until the end of June, has been unsuccessful in even economic revitalization. The general consensus is that it only prevented the economy from getting any worse. As a result, the more time passes, the more likely it is that voices critical of the so-called "New Economy" will grow louder. This is because there is always a time gap before the effects of policy are seen in the economy and because the administration greatly inflated the public's expectations.

The decisive moment the administration gave the impression that it had not thoroughly prepared an economic blueprint was none other than the "Banking Real Name System Crisis" [Kumnyung Silmyongjae Padong]. The administration announced that in the first economic ministers' meeting led by President Kim Yong-sam, "It was decided that the time for the implementation of the Banking Real Name System would be mid-May." The media reported this extensively. The implementation of the Banking Real Name System, which had been announced, but then indefinitely postponed during the Fifth and Sixth Republics, was accepted as natural, because it was a campaign promise of President Kim.

However, it had significant influence on the stock market. Stock prices showed sensitive reactions to it. The desire of one person in a position of responsibility that the implementation of the Real Name System be kept back was brought up by the economic ministry. An official of the Economic Planning Board [EPB], without sufficient consultation with the Blue House, revealed to reporters items discussed in the economic ministers' meeting, it was later reported. Feeling a burden to "present a Real Name System [implementation] schedule," the Blue House had intended to repeal this immediately, but, concerned about possible side effects, was watching for an opportunity. About 10 days later, deputy prime minister Lee Kyong-sik abruptly changed his position, declaring, "I never said that the Real Name System implementation schedule [announcement] was proposed for the middle of May." It was then that presidential economic secretary Pak Chae-yun too completely nullified the plan for a mid-May announcement of the implementation schedule, saying that it was a "personal opinion not subject to internal decision." It had been decided to definitely implement the reforms [silmyongjae], but to reveal the schedule later.

Thus, the administration brought on itself the misfortune of loosing credibility in its economic policy by repealing its own important policy decisions. It gave the impression that it is constantly postponing the Banking Real Name System, which had been considered a symbol of economic reform; this had the appearance of a lack of will for reform. That is not all. Interest liberalization, promised to begin in March, was put off until the latter half of the year. The administration had no choice but to put off interest liberalization because of concern that it might cause interest rates to rise at a time when they are being lowered to revitalize the economy. The Blue House has, in fact, guided economic policy since the Real Name System Crisis. Economic ministry officials had to report everything to the Blue House before drafting policy. Thus, the phrase, "Please take it up with the Secretary," was popular for a time at the Kwachon economic department.

There are more than a few policies of various kinds that are flowing out, without going through sufficient discussion even within the economic team, because "it is difficult to stop the mouths of many people" [a Chinese saying]. By coming to light during their formative stages, these half-done policies, which will cause huge waves in the economic sector, amplify misgivings that there is no economic blueprint. The policy battle surrounding the "Bank Loan Financing Conversion Plan" is one representative example of this.

The statement, "a plan to convert bank loans into financing for inducing ownership diversification in big business is one idea under consideration," (deputy prime minister and EPB minister Lee Kyong-sik) was sufficient to cause tension in the financial sector. This was even more so coming, as it did, at a time when the sajong winds were fierce, following the mid-April keynote statement of President Kim, asking, "Isn't 5 percent enough of a share [in stocks] for the owners of big business?" The financial sector, which had been paying close attention to the new administration's policy toward the chaebol [conglomerates], was to a certain extent not without a justification for resistance [to the administration's policies]. This reasoning asked whether the government, which actually controls the banks, was intending to completely control of management.

The problem is that even the Ministry of Finance, which can be said to be the department in control of the matter, expressed its opposition. This plan had already been considered and actually nullified a year ago. This was because, although there is no doubt that it is an idea capable of solving both the problems of ownership diversification and insolvent credit simultaneously, the side effects were great. Not only is it easy for banks to get stuck holding insolvent enterprises, but it is impossible to make this compulsive.

Ultimately, the "Bank Loan Financing Conversion" plan was dropped from the New Economy Five-Year Plan. Distrust was the self-caused result of bringing out a policy that was impossible to implement, without any consultation beforehand. The chaebol policy presented in the Fair Competition Conference opened at the Korean Development Institute (KDI) on 20 April was similar.

The presentation in that day's conference was enough to surprise and concern the chaebol. The adoption of a system ordering the partitioning of the monopolies and a system ordering the withdrawal of investment, suppression and cancellation of chaebol control of the media and finance, etc., the contents that came pouring out were shocking. Even though published as though it were the individual opinion of KDI researcher Yu Sung-min, the person responsible for announcing the theme of the meeting, the opposition of the chaebol was easy to predict in light of precedent, by which it is normal for [announcements such as] this to be considered government policy. Afterwards, Fair Trade Committee chairman Han Ri-hon stated, "The theme announcement is the free opinion of the individual," and revealed, "neither a system ordering the dismemberment of business nor a system ordering the withdrawal of investment fits our situation, nor is either needed; the adoption of these systems is not being considered," treating the announcement as though it never happened.

It is being reported that this conference announcement, which was not reported to the Blue House ahead of time, occasioned the resignation of KDI director Song Hui-nyon.

The controversy surrounding the real estate policy to be included in the New Economy Five-Year Plan is an important key allowing us to sense the administration's "reform blueprint poverty." Real estate policy is an area definitely in need of reform to block chronic land speculation and the rise in land value. As a proposal for solving these problems the Ministry of Construction and the EPB, under the principle that the supply of land must be expand, presented a plan to simplify government-designated zones and authorize the development of farmlands outside agricultural promotion areas. However, the Ministry of Agriculture, Forestry and Fisheries strongly opposed this, saying that it was a policy of abandoning agriculture. The Citizen's Alliance for Economic Justice [Kyongsilyon—Kyongjae Chongui Silchon Simin Yonhap] [CAEJ] also criticized it as a "policy turning the whole country into a speculative market." Ultimately, the Ministry of Construction and the Ministry of Agriculture and Fisheries [as published] reached an appropriately compromising conclusion.

Of course, no problem arises just because the opinions of the Ministry of Construction and the Ministry of Agriculture, Forestry, and Fisheries differ. This is actually desirable. However, the fact that no clear philosophy has been set up concerning the extremely important "National Land Development Plan" cannot but be a problem.

There has been no particular principle or vision presented concerning industrial policy either. As soon as the Ministry of Trade, Industry and Resources [MTIR] announced on June 1st that it would adopt the Core Business System as the industrial policy to be included in the Five-Year Plan, the Democratic Liberal Party [DLP] immediately began to oppose it.

Even Deputy Prime Minster Lee opposed the MTIR plan, saying, "It must not take the form of government support or interference." MTIR's original revelation that it would "develop core business selection standards," was, in effect, nullified. Ultimately, this only caused the confusion of business. It has been revealed that this policy too was not sufficiently discussed among economic ministers. "This happened because, economic policy being guided from the Blue House, no one first consulted with the deputy prime minister, who is the economic team chief, but instead reported only to the economic secretary," pointed out one government source. Not only this, but also the "No-Labor Partial Pay System," "Dishonored [Check] Disposal Deferment System, " etc., came to nothing for the same reasons.

What are the causes these events surrounding the Banking Real Name System and other important economic policies? Is it a simple mistake in economic policy management? Or is it because there is no economic master plan?

First of all, if we look at policy management, we can see that it is set up so that "mistakes that are not mistakes" are bound to happen. We can mention the fact that, beginning with Deputy Prime Minster Lee Kyong-sik, almost all economic department ministers were appointed suddenly, and so had little time to prepare. It is difficult to believe that they were able to sufficiently digest the New Economy concept, when, not even one month after being appointed, they set out the Hundred-Day Plan and afterwards are now drawing up the Five-Year Plan. The Cabinet members in charge of economic affairs acknowledge this point. "Compared to those who've been preparing for several months (Economic Secretary Pak Chae-yun), their water pressure can't help but be low, right? It'll be adjusted upward as time goes by." (Deputy Prime Minister Lee Kyong-sik).

The "New Economy" is unfamiliar to the officials at ministries in charge of economic affairs as well. Although it is a fact that the winds of the so-called New Economy have been blowing since immediately after the president was elected, there were many at first who honestly admitted, "I don't know what the New Economy is." Their response was that, even while feeling as though they understood it once they heard lectures and read materials explaining the New Economy, there were great difficulties in practically applying it to policy [making].

In these circumstances, from the very beginning it was difficult to hope that this economic policy, which the Blue House had been going at alone, would be implemented correctly. Economic secretary Pak Chae-yun suddenly rolled up his sleeves and began "New Economy Lectures" because of this. After he called twenty-some bureau chiefs in charge of the actual work of the Hundred-Day Plan to a debate last 10 April at the Financial Research Institute in Samchong-dong, there was a boom in so-called "New Economy Debates" and various research meetings. On 30 April, beginning with deputy prime minister Lee Kyong-sik, ministers and vice ministers in charge of economic affairs, New Economy Planning Committee members, etc., over a hundred high level officials listened to Secretary Pak's "New Economic Theory" lecture at the Kwachon Central Officials Training Institute.

This was the first time ministers in charge of economic affairs have listened to a lecture by an economic secretary. In the debates [on the] division of responsibilities opened after the lecture, relatively honest discussion was held, according to rumors. For example, some pointed out that "it lacks autonomy in its promotion methods," and "we can hurt stability if we are too absorbed in invigorating the economy." The New Economic Theory lectures were a considerable success, according to what seems to be [the administration's] self-assesment. It is to the extent that preparations are complete for New Economic Theory lectures to be given to almost all public officials in the future.

If explained in terms of economic theory, the logic of the New Economy seems very clear. "The New Economy is a policy that moves the total demand curve and the total supply curve to the right through economic revitalization and burden sharing," said economic secretary Pak Chae-yun last March in a special lecture at Seoul National University. Thus, he says, inflationless growth is possible.

Secretary Pak even boasted, "It's different from the economic management methods of the past and, if successful, will be worth putting in the textbooks." However, although clear in terms of economic theory, its weakness is that it has no "catchwords" or "slogans" that are easy for the general public or the people who actually carry out the policy to understand. This is precisely why the administration is taking special care in "New Economy" publicity.

The issue is whether a five-year master plan has been prepared that will reflect the theoretically "perfect" New Economic Theory in policy and put it into action. Let us take a look at part of Secretary Pak's address to the officials in charge of the economic ministries.

"The New Economic Theory is the president's philosophy of government expressed in economic policy. Thus, the New Economic Theory was formed during 40 long years. However, it begin to take its concrete form after President Kim was chosen to be the Democratic Liberal Party's presidential candidate in May 1992. The president is the first of our nation to assume that office who, before taking power, formulated a massive master plan, amounting to some 500 pages, on economic policy.... The New Economy is an economy with the participation and creativity of the Korean people as its foundation for development.... The New Economy is an economy the government and people make together.... The president himself originated and implemented two very important economic policies which no economic specialist has been able to do up till now. His decision not to accept political funding will not only increase business's technical development capital and worker's welfare funds, but it also has the important effect of rationalizing the distribution of our economy's resources. Also, the registration of personal assets by government officials will clearly have a restraining effect on real estate"

It is reported that the "over 500 page master plan" spoken of by Secretary Pak was put together by over 40 brains, including him.

In particular, important policy direction was handled by the so-called "Senior Group" composed of six men, External Economic Policy Research Institute [Taewe Kyongjae Chongchaek Yonguwon] director Yu Chang-hui, Financial Research Institute [Kumnyung Yonguwon] director Pak Yong-chol, Tax Research Institute [Chose Yonguwon] director Chong Yong-ui, etc., including Secretary Pak. This senior group generally handled establishing a direction for comprehensive policy and reform tasks. Besides this, other individual policy tasks were entrusted to specialists in each field, it is reported. Thus, most of these policies cannot be put into practice as they are, reveals one participant in the work. This means that there is little chance they can be put into effect because they contain not concrete implementation plan.

One of the subjects most heatedly debated in the senior group was "Is reform first? Or is economic revitalization first?" Telling the conclusion first, it was "First, economic revitalization; next, reform." Two of the six members supported the reformist position, according to one person who participated deeply in the process. Those who held the reform-first position argued that "Just as you repair a bathhouse in midsummer when there are no customers," the appropriate time for reform is when the economy has hit bottom. Also, in the course of the campaign it was reveal that the whole work of reform would be done within one year of taking power, so it was expected that reform would come first.

In opposition to this, Secretary Pak and the others who held the position that economic revitalization should come first judged that pursuit of reform in the present circumstances, when the economy is in recession, would be no different than killing it [the economy]. Their position was that they should first enable the economy to recover its vigor to the extent that would make the application of the scalpel of reform acceptable. In a word, "we must first give the patient restorative medicine [poyak]."

Thus, the composition of the task of building the New Economy, including reform, took shape: establish and promote the Five-Year Plan, and before this, implement the Hundred-Day Plan, with its emphasis on economic revitalization. Actually, through the Hundred-Day Plan, the government has been using a short-term stimulus package centered on lowering interest rates, a flexible supply of currency, etc. It is only because reform of economic administrative regulations and of the consciousness of government officials is helpful to the revitalization of the economy that it was promoted first. Furthermore, it is the administration's reasoning that because the president is strongly calling for burden-sharing by all main economic organizations that there is little reason to worry about inflation.

Actually, even if the short-term economic stimulus package was not very successful, we can evaluate it positively in that it prevented the economy from continuing to sink down in the cold wave of the sajong. This is because if they had not used the stimulus package and the economy got worse, the reform could have retreated even further. Even though we find no visible results, we can accredit it with helping stir up a mood [of investment]. "A mood of movement is being created in our economy, but it appears that it is after the later half of this year that the effects of economic revitalization on the indexes will become full-scale," (Deputy Prime Minister Lee Kyong-sik) according to the self-assessment of the administration. More than anything else, the administration is being encouraged by the "mirror of the economy," stock prices, which showed an upward climb as they broke record highs in the middle of this year. In particular, the rise in stock prices in spite of the sajong reform is being accepted as evidence that, for the mid to long term, a optimistic view is prevailing.

However, negative assessments of the short-term stimulus package are not easily cast aside. These measures are unpopular with groups demanding reform as well as those disliking it. One side resists, asking whether this is not an abandonment of reform; the other side insists that because of the sajong, [he government] is incapable of economic revitalization. Businesses publicly insist that the recent recovery in exports is due to improvement in outside conditions, such as the high yen and particularly favorable circumstances in China, not because of the economic stimulus package. The best assessment is only that, with the stimulus package, the government was able to prevent the economy from getting any worse. Some even say that big business is intentionally not investing to block reform.

For now, workers are feeling a sense of satisfaction by proxy and are enduring their discontent, but will not tolerate burden sharing that lacks a definite plan. "Aren't we getting the full burden, since the government is only adopting economic revitalization measures like lowering interest rates, etc., for big business, and not even touching structural reform?" some are already saying.

President Kim's statement at the economic ministers meeting held in Kwachon on 4 June, "At present, only seventy-some days since pledging [to promote] burden sharing, we can see that the burden-sharing posture is being shaken," belongs to the same context. He pointed out unusual actions, such as the suspension of car production due to the labor-management disputes of automobile spare parts companies.

Prices are also abnormal. Up to the end of May, the consumer price inflation rate was 3.7 percent, the same as last year levels, however, projections are that if the prices of agricultural and fishery products jump, and they were extremely low last year, it will not be easy to maintain the target rate of 5 percent. Currency inflation is a concern more than anything else, since a good deal of currency was released into the market place as a revitalization measure. The currency increase rate has already passed the Bank of Korea's [Hanguk Unhaeng] own upper limit.

The government's biggest worry is sluggish investment. In spite of trying every worthwhile measure, investment is not forthcoming. In spite of the Hundred-Day Plan, big business is not immediately increasing equipment investments, according to the results of a study published by the Industrial Bank [Sanop Unhaeng] toward the beginning of June. It set the increase at only 0.29 percent over the survey done last February.

There are various reasons for this reluctance to invest by business. First, on top of very weak demand, investment patterns are different than the past's mere expansion of facilities; they have changed to automation research and development, etc., which takes much more time for investment decision making. This means that the existing facilities alone are enough to meet the demand. Business's concern that it cannot be known when and how government policies will change is another big reason for slow investment. Government policy's ultimate failure to obtain the trust of business is a point acknowledged by the administration.

One of the reasons businesses are not putting confidence in government policy is not unrelated to the sajong activities. The reaction of business is to ask whether it is okay [for the administration] to concentrate solely on the activities of business as if poking around in a bee's nest. As businesses which, whether of their own will or not, carried on "trade" with the political establishments of the past, they cannot help but feel pangs of conscience. Furthermore, the president's statement, "The reform cannot be stopped [suspended]," has created even more tension.

Big business seems to think that the government has an attitude of "duplicity." On the one hand, it is using economic revitalization measures, while on the other hand, it is carrying out a "chaebol-taming operation." It views the administration's statements that it would investigate "improper tax business" and expose "subcontracting irregularities" as evidence of this.

It is true that the administration has shown an ambiguous attitude in some respects. This can be seen in the fact that, even while stating that it would "not adopt shocking measures" and would "not destroy the will to invest," the government is sticking to its original plan with investigations into internal trade, disguised affiliates, etc., which could be called business sajong.

Of course, in the long term, or in principle, it is right to correct these expedient and illegal practices, but for big business, the anxiety is matchless. "Now, we have to be more conscious of the government than the labor unions," complained one businessman; his words clearly tell something of this anxiety.

It appears that this reaction by big business will function as an important variable as the Kim Yong-sam administration steers economic policy. Using the "whip" of sajong and the "carrot" of economic revitalization, the administration has had some success in getting the chaebol to move toward "divided rule," but not, it seems, in eliciting "voluntary cooperation."

It is a fact that, after President Kim bid them to concentrate on business activities in his continuous "Thawing Meetings" with owners of big business in the first part of June, a time when sajong concerning government officials was coming to a close, business showed a flurry of activity, such as publishing increased investment plans, etc. However, it is uncertain when this activity will contract again with changes in administration policy.

The government, scheduled to begin the full-scale work of reform—or to put it another way, the "institutionalization of reform"—set by the "New Economy Five-Year Plan" to begin in July, will have to carry on a "war of nerves" with business several times in the future too. Someone said, "In essence, economies dislike reform." This means that to economies, which must go along naturally like flowing water, there is more to loose than to gain in coercive reform.

"Since the government is not abandoning the concept of completely guiding the economy, it's difficult to find any difference between this and existing five-year plans," argues the CAEJ (Kyongsilyon), pointing out excessive government interference. The fact that regulations on the independence of the Central Bank have been completely eliminated in the "New Economy Five-Year Plan" is considered a representative example of this.

Moreover, if the implementation of the Banking Real Name System and other financial and tax-system reforms are postponed until the later half of this administration's term of office, criticism by reform groups such as the CAEJ will grow more intense.

This is precisely the reason this administration, which must chase two rabbits: economic reform and revitalization, is feeling burdened. Depending on the circumstances, it is even possible that a situation may arise requiring the revision of a considerable portion of the "New Economy" blueprint.

Even so, that does not mean that it can just slow the pace of reform. It makes one extremely curious as to how the administration will find a policy harmonizing its two mutually conflicting goals: reform and economic revitalization.

Trade Deficit 'Steadily Decreasing'

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[Text] Seoul, Sept. 15 (YONHAP)—South Korea's trade deficit is steadily decreasing.

The Korean Customs Administration reported a trade deficit of 2,887 million U.S. dollars for the first eight months of the year, down 51 percent from 5,892 million dollars a year earlier.

Exports in the eight-month period totaled 52,174 million dollars, up 5.9 percent from a year earlier, and imports fell 0.1 percent to 55,061 million dollars.

In August alone, the deficit was 43 million dollars, compared with 102 million dollars in the same month last year.

Exports of heavy and chemical industries, such as steel, cars, machinery, electronics and chemicals, rose 12.1 percent to 32,636 million dollars but those of textiles, footwear and other light industries fell 4.8 percent to 15,957 million dollars.

Imports of raw materials for use in the manufacture of export goods increased 8.6 percent to 18,218 million dollars but those of goods for domestic consumption decreased 3.9 percent to 36,843 million dollars.

Trade with Hong Kong-Singapore, China and the United States recorded surpluses of 4,722 million dollars, 784 million dollars and 214 million dollars, respectively, but with Japan, the European Community and other areas it sustained deficits of 5,857 million dollars, 944 million dollars and 1,806 million dollars, respectively.

* 'Chaebol' Proceeding With Specialization Plans

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[Text] At least outwardly, chaebol (conglomerates) groups need no longer be afraid of the government's policy toward them. Through several recent meetings with businessmen, President Kim Yong-sam eased his uncomfortable relationship with them. At the Chongwadae luncheon meeting on 29 May with the delegation of the Korea-U.S. Business Council, Kim praised chaebol groups' heads by saying, "You are the ones who will play important roles in reviving our economy." At the "marching rally of medium-to-small-size businessmen" held two days later at the Medium-to-Small-Size Business Cooperative Organization, Kim pacified the businessmen by saying, "There will be no external regulations imposed on business sectors."

It is expected that most of the controversial regulatory policies toward the chaebol will not be included in the New Five-Year Economic Plan. Most of the revolutionary ideas that alarmed the chaebol, such as the business specialization order, the return on investment order, and the increase in the percentage of stock ownership by financial institutions, were not included in the recently drafted plan of "settlement of a fair competition order and business management reform." Instead, the government's control is reinforced only in a few areas, including the increase of the current upper limit of 40 percent of mutual investment, debt guarantee, and chaebol heads' utilization of business funds. A source, who was involved in drafting the new plan, said that most of the new policy ideas were not included in the new plan because of the urgency of economic revival.

The business sector has been showing great concern about the task of the "settlement of a fair competition order and business management reform," which is one of the 23 major task areas of the New Five-Year Economic Plan. This task includes all the regulatory policies affecting the chaebol. There is a related plan called, "an inducement of chaebol's business specialization," developed independently by the Ministry of Trade and Industry. This plan will be included in the New Five-Year Economic Plan as part of "the strategy for industrial development." There are, however, some unresolved issues in this plan, including the extent of the government's intervention in the process of selecting major business lines as part of the chaebol's business specialization effort, and what to do with nonmajor business lines. Even if this plan is adopted in its current form, its effect in regulating the chaebol will be insignificant unless the government forces the chaebol to get rid of their nonmajor business lines.

At a point when the government stepped back after a long talk of regulating the chaebol, these groups are voluntarily initiating transformation. At the executive meeting of the Korea Federation of Business Organizations (Chonkyongyon) on 8 June, they decided to increase investments earlier than scheduled in an effort to ease the government's serious concerns about the chaebol's poor investment. They also discussed how to initiate diversification of business ownership, specialization of businesses, and the establishment of professional management systems. These items had already been discussed at the Chonkyongyon executive meeting earlier on 11 May when the conflict between the government and business sectors reached its climax. The Chonkyongyon has a long-term plan to study the subject of "a formative process of large-scale business groups and their future directions" in an effort to find a desirable future direction. Major chaebol groups, including Hyundai and Samsung, made a timely announcement of their plans to streamline their businesses.

In fact, the Kim Yong-sam administration has shaken up the chaebol to an unprecedented extent, without even imposing any regulatory policies. The only "weapon" of the Kim administration is the strong people's support of the government and the people's serious antagonism toward the chaebol. Economics Professor Choe Chung-pyo of Konkuk University, a leading specialist on the subject of chaebol, said, "President Kim is solving issues related to the chaebol by using his unique political tactics of making use of public opinion. Choe argues, however, that unless the regulating movement is enforced by regulatory policies, it will not be long before the chaebol will start repeating old habits. Choe's viewpoint coincides with those of the economic reformers.

It was during the latter period of the Sixth Republic that the need for a strong regulation of the chaebol started to surface within the government. It was then that government officials started to be aware of the chaebol's bad influence. Some chaebol heads' remarks and behaviors increased the animosity of government officials. Government officials considered the chaebol a major obstable to healthy economic development because chaebol groups distort the rational resource distribution by monopolizing the domestic market, constantly make speculative investments in real estate by considering the business as their private ownership, and distort the function of banks by degrading the investment efficiency. Choe Kak-kyu, former Economic Planning Board (EPB) minister and deputy prime minister, and Kim Chong-in, former senior presidential advisor in economic affairs, who led the economic policy during the latter period of the Sixth Republic, launched the "New Industrial Policies," that included strong regulatory policies toward the chaebol. Due to bad timing, however, their plan was never implemented as policies.

It cannot be said that the Kim administration inherited the same viewpoint toward the chaebol as the Sixth Republic's. Instead, in the early days of the Kim administration, it highly evaluated the chaebol's intent to actively cooperate with the new government's policy. The new government highly praised the chaebol's efforts to freeze wages and prices to facilitate the government's efforts to control inflation.

When President Kim made an announcement on 16 April asking the chaebol to share the burden resulting from his new economic policies, the business sector showed their intent for an organized revolt. It was then that the Kim administration's attitude toward the chaebol started to change. At the luncheon table with civilian members of the New Economic Planning Committee, Kim said, "I wish there was even one chaebol head who declared that he will return all but 5 percent of his stocks to our society." chaebol heads not only looked concerned about the true meaning of Kim's remark but suggested that the business sector request an extensive revision of the new economic plan.

Meanwhile, Park Che-yun, senior presidential secretary for economic affairs, was informed that the chaebol violates the wage and price freeze on numerous occasions. It is quite natural for high-ranking government officials to begin developing animosity against such behaviors. It was after President Kim declared that he would not accept private political contributions. Despite the different political environment from the past, when the chaebol was able to influence president's decisions in return for contributing political funds, the chaebol still tends to adhere to old-fashioned customs, which adds to the government officials' dissatisfaction. A professor, who gave advice to Kim during the election period, pointed out that the business sector failed to express at an early stage their willingness to participate in the government's reform efforts that received overwhelming people's support. Later, the government submitted strong regulatory policies toward the chaebol to the Committee for Fair Trade Policy. Yi Kyong-sik, EPB minister and deputy prime minister, then cancelled the meeting with representatives of business organizations. In particular, the government was not happy with Chonkyongyon's attitude to openly make suggestions for the new economic plan. The government's position is that Chonkyongyon cannot represent the business sector and that if it has some suggestions for the government, it should submit them through civilian members of the New Economic Planning Committee. High-ranking government officials avoided meeting with Chonkyongyon Chairman Choe Chong-hyon officially or unofficially in order to prevent Chonkyongyon from being perceived as an organization representing the business sector. When asked about their official position on the Chonkyongyon, Chongwadae officials unanimously replied that "Chongkyongyon is simply a business organization." Finally, President Kim referred negatively to the Chonkyongyon's intention to collectively express its opinion at the Chongwadae meeting on 17 May to make an interim evaluation of the progress of the 100-Day New Economic Plan.

Knowing the government's position, Chonkyongyon withdrew its plan to make suggestions collectively for the new economic planning. A decision was then made at the Chonkyongyon executive meeting on 11 May to show the government their initiative to voluntarily reform the business sector.

Recently, the government is in critical need of new investments in order to revive the slow economy. Economic revival can then roll the new economic plan. It is in the investment area at least that the government is badly in need of the business sector's help. This is why the government withdrew many policies that had been threatening the chaebol for the past two months. Although it appears that the tension developed between the government and the chaebol has been eased, the tedious tug-of-war between the two does not seem to end, unless there is a fundamental change in their mutual regard.

Burma

National Convention Plenary Session Resumes

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[Text] The National Convention Plenary Session began at 1000 this morning in the Central Meeting Hall at the President's House compound on Ahlone Road, Yangon [Rangoon]. It was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Lt. Gen. Maung Thint and Brigadier General Myo Thant, NCCC vice chairmen; NCCC members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Tun, NCCWC vice chairman: NCCWC members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee [NCCMC]; NCCMC members; national convention delegates; and local and foreign journalists. NCCC Chairman Lt. Gen. Myo Nyunt acted as alternate chairman and NCCC Secretary Brig. Gen. Aung Thein acted as secretary of the meeting.

First, the secretary of the meeting announced the validity of the meeting as 649 of the 698 national convention delegates attended the plenary session. Next, NCCWC Chairman U Aung Toe explained matters relating to the formulation of fundamental principles to be incorporated into the constitution to be written. Continuing, Lt. Gen Myo Nyunt, alternate chairman and NCCC chairman, delivered an address. Next, Brig. Gen. Aung Thein, NCCC secretary and secretary of the meeting, explained matters concerning administrative affairs.

The National Convention Plenary Session concluded at 1055.

Advance Thai Foreign Ministry Team Meets in Rangoon

BK1509050193 Rangoon Radio Burma in Burmese 0130 GMT 15 Sep 93

[Text] An official-level preparatory meeting for the Myanmar [Burmese]-Thai Joint Commission meeting opened yesterday morning at 0930 at the Foreign Ministry Annex in Yangon [Rangoon].

Present at the first session of the meeting were the Myanmar delegation headed by U Tin Tun, director general of the Political Affairs Division of the Foreign Ministry, and the Thai delegation headed by Deputy Permament Secretary Mr. Sarot Chawanawirat. The meeting deliberated and approved the draft agenda for the meeting. Three separate groups held their respective meetings in the afternoon at the Ruby Room and the Sapphire Room of the Inya Lake Hotel.

The Myanmar side was represented in Group A by U Tin Tun, director general of the Political Affairs Division, and the Thai side by Mr. Sarot Chawanawirat, deputy permanent secretary. The Myanmar side was represented in Group B by U Ba Thwin, director general of the International Organizations and Economic Affairs, and the Thai side by Mr. (Thongtham Liwintai), director general of the East Asia Division. The Myanmar side was represented in Group C by U Aye Lwin, director general of Consular Affairs, International Treaties, and Research Division, and the Thai side by Dr. (Presamantan Nasinsan), director general of the Legal and Treatise Division.

It has been learned that the group meetings were also attended by senior departmental authorities from the ministries concerned and that various aspects of bilateral relations were discussed in a frank and cordial manner.

Bangladesh Returns 493 Rohingyas 13 Sep

BK1509145493 Rangoon Radio Burma in Burmese 1330 GMT 15 Sep 93

[Text] In accordance with the coordinated agreement reached between the two countries on the repatriation of those who illegally left Myanmar [Burma] for Bangladesh, a delegation led by Camp Supervisor Mr. (Monoa Hussein Akham) from the country on the other side returned 493 returnees, 233 males and 260 females, from 113 households to our Kanyinchaung reception center at 0930 on 13 September 1993. They were brought in by 18 motorboats. The Bangladesh delegation left at 1330.

Thai Naval Commander, Party Arrive in Rangoon

BK1209071793 Rangoon Radio Burma in Burmese 1330 GMT 11 Sep 93

[Text] At the invitation of Vice Admiral Than Nyunt, commander in chief of the Navy, Admiral Wichet Karunyawanit, commander in chief of the Royal Thai Navy [RTN], his wife, and party arrived in Yangon [Rangoon] by special plane at 0930 this morning to pay a goodwill visit.

They were welcomed at the Yangon airport by Vice Adm. Than Nyunt, commander in chief of the Navy, and his wife; high ranking officials from the Navy; Thai Ambassador Mr. Wirasak Futrakun; and Captain (Kraithep Pamuratutra), naval attache of the Thai Embassy.

The commander in chief of the RTN and commander in chief of the Navy then received the Defense Services' army, navy, and air force guard of honor salute and inspected it. After the inspection, they proceeded to the Defense Services' No.2 Guest Hall in a motorcade.

At 1030, Adm. Wichet Karunyawanit and his party called on Vice Adm. Than Nyunt, commander in chief of the Navy, at the Ministry of Defense's Dagon House. Commodore Tin Aye, chief of staff of the Navy; Commodore Khin Soe, chief of the Irrawaddy Naval Base Headquarters [INBH]; and Captain Paw Tun, chief of the Naval Industry [set hmu let mhu ayar shi gyoke ye], were present at the meeting.

The commander in chief of the RTN, his wife, and party, accompanied by Cap. Soe Myint, deputy chief the INBH, and his wife, visited and paid respects at Shwe Dagon Chedi at 1300. They also signed the visitor book and donated cash. At 1500, they visited Dagon Myothit. There they were informed of the construction project by U Han Kyaw, secretary of the Committee for Dagon Myothit Development [CDMD], and U Tin Win, joint secretary of the CDMD. The responsible personnel also answered the visitors' questions. Then they proceeded to Myanmar [Burma] Forestry Enterprise's furniture mart in Dagon Myothit. Later, they inspected the Dagon University construction project and the respective responsible personnel explained the details of the project. After the inspection, the visitors proceeded to inspect the Yangon-Thanlyin [Syriam] Bridge.

Thai Fishing Regulations Called 'Breakthrough'

BK1609030793 Bangkok THE NATION in English 16 Sep 93 p A5

[Text] The Department of Fisheries will be the sole agency to which Thai vessels must apply to fish legally in Burmese territorial waters, in order to curb illegal fishing which has resulted in many arrests and deaths, a senior department official said.

Department director-general Plotprasop Suraswati yesterday said he would provide about two weeks, until the end of this month, for the owners of Thai vessels to apply to his department for licences to fish in Burmese territorial waters. "All current licences will be revoked. And from next month, vessel owners who do not have a new licence from the department will have no permission to fish in Burma," he said.

The department will spend a period of time assessing whether the licence holders follow the maritime laws and regulations or not, he said. More licences will be issued to Thai ships if the move helped in reducing the number of illegal fishing vessels in Burmese territorial waters, according to Plotprasop.

He was speaking after a discussion with Burma's fisheries director general U Kyaw Lwin during an advance meeting of the Thai-Burma Joint Commission in Rangoon. Minister Prasong Sunsiri will arrive in Rangoon today to co-chair the three-day meeting with his Burmese counterpart U Ohn Gyaw.

Yesterday's discussion was seen as a breakthrough for fisheries disputes between Thailand and Burma. Burma agreed to the Fisheries Department's role in the initial screening of applications and in the final issuance of fishing licences. Thailand had floated the idea earlier this year but Burma rejected it.

Informed sources from the Thai Overseas Fisheries Association (TOFA) claimed that Burma had delayed making a decision on the issue because it was angry that Bangkok allowed Nobel Peace Prize winners to criticize Burma from Thai soil.

Burmese authorities have increased punishment and jail terms for Thai vessels encroaching into Burmese territorial waters. They also launched an offensive on the illegal fishing which in several cases resulted in a loss of lives on both sides.

The Fisheries Department recently ordered the withdrawal of Thai vessels from Burmese waters to prevent further trouble. Illegal fishing by Thais in Burma's maritime zone has affected bilateral ties. It is estimated that there are about 500 Thai fisherman in Burmese prisons.

Plotprasop said the department's intervention in screening the Thai vessels is a bid to instill order on the Thai side and to assure the Burmese of Thailand's sincerity in minimizing the illegal activities. He described the discussion with U Kyaw Lwin as "better than expected" because the fishing dispute is a sensitive issue. He said U Kyaw Lwin showed signs of willingness to compromise and expressed the desire to continue the business with Thailand. "It is a good and new start for both countries on the issue," Plotprasop said. The source from the TOFA had said that Thai crews were told by Burmese authorities that Burma did not want to continue the fishing activities with Thailand.

Thailand is also looking forward to entering new fishing territory in India whose fisheries authority announced it would welcome about 1,000 Thai vessels. However, Plotprasop said Thailand still needed to gather additional information on potential fishing areas in Indian territorial waters.

Meanwhile, Thai Ambassador to Rangoon Wirasak Futrakun said he expected positive changes from the Burmese side regarding the severe crackdown on Thai vessels. Wirasak said he will today visit Thai fishermen detained in a prison in Burma.

Energy Minister, Delegation Leave for Thailand

BK0509153193 Rangoon Radio Burma in Burmese 1330 GMT 5 Sep 93

[Text] At the invitation of the Thai energy minister, a Myanmar [Burmese] delegation led by Energy Minister U Khin Maung Thein left Yangon [Rangoon] for Thailand by Myanmar Airlines International this morning. The delegation will coordinate and discuss the sale of natural gas to Thailand from the offshore Yadana gas fields in the Gulf of Martaban, which is being implemented as energy cooperation between Myanmar and Thailand as well as bilateral cooperation in the energy sector. [sentence as heard]

Brigadier General Maung Maung, minister of livestock breeding and fisheries; Minister of Industry-2 U Than Shwe; Deputy Energy Minister U Tin Tun; responsible personnel from the departments and enterprises under the Ministry of Energy; and Mr. Uthai Sirikon, charge d'affaires of the Royal Thai Embassy, saw the delegation off at Yangon airport.

The minister was accompanied by delegation members: U Thein Tun, director general of the Energy Planning Department; U Pe Khin, managing director of the Myanmar Oil and Gas Enterprise [MOGE]; MOGE Director U Kyaw Nyein; Dr. Thein Tun, assistant chief engineer of the Myanmar Electrical Power Department; and Daw Marlar Thein, aide-de-camp to the minister.

Return From Thailand

BK1109151493 Rangoon Radio Burma in Burmese 1330 GMT 11 Sep 93

[Text] Energy Minister U Khin Maung Thein and delegation returned to Yangon [Rangoon] by air this morning after having visited Thailand on 5 September at the invitation of Major General Sanan, minister of industry.

The minister and delegation were welcomed at Yangon airport by Livestock Breeding and Fisheries Minister Brigadier General Maung Maung, Industry-2 Minister U Than Shwe, Deputy Energy Minister U Tin Tun, responsible personnel from departments and enterprises under the Ministry of Energy, and the Thai ambassador.

During their stay in Thailand, Minister U Khin Maung Thein and delegation, accompanied by Myanmar [Burmese] Ambassador U Phone Myint, met with Prime Minister Chuan Likphai, minister of industry, and Mr. Sawit, minister of the prime minister's office. They held discussions on mutual benefit in the energy sector. The discussion covered the implementation of rapid sales of natural gas from the Gulf of Martaban to Thailand. The minister and delegation also inspected activities in the energy sectors and held discussions with respective heads of department.

Khin Nyunt Meets Japanese Legislative Delegation

BK1009145393 Rangoon Radio Burma in Burmese 1330 GMT 10 Sep 93

[Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council of the Union of Myanmar [Burma], received Mr. (Nao Tokan), member of the Japanese lower house, and his party, who are currently visiting Yangon [Rangoon], at the Defense Ministry's Dagon House at 1600 this evening. Foreign Affairs Minister U Ohn Gyaw and Thura U Aung Htet, director general of the Ministry of Foreign Affairs Protocol Department, were present at the meeting.

Mr. (Nao Tokan), member of the Japanese lower house, accompanied by Japanese Ambassador Mr. Takashi Tajima and by his party, called on Brigadier General Abel, national planning and economic development minister, at the Foreign Investment Commission Office at 1400 this afternoon. They discussed strengthening friendship between the two countries, investment, and improving economic and technical cooperation.

Mr. (Nao Tokan), member of the Lower House of Japan and chairman of the Foreign Affairs Committee of the Lower House, also called on Foreign Affairs Minister U Ohn Gyaw at the Foreign Ministry at 1500 this evening. They cordially exchanged views on matters concerning the mutual benefit of the two countries.

Construction Minister Returns From Manila Meeting

BK0409040893 Rangoon Radio Burma in Burmese 1330 GMT 3 Sep 93

[Text] A Myanmar [Burmese] delegation headed by Construction Minister U Khin Maung Yin returned to Yangon [Rangoon] by air via Singapore this afternoon after attending a meeting organized by the Asian Development Bank in Manila from 30 to 31 August.

Cambodia

Japan's Hata Continues Visit

Discusses More Peacekeeping

OW1509134893 Tokyo KYODO in English 1326 GMT 15 Sep 93

[Text] Phnom Penh, Sept. 15 KYODO—Japanese Foreign Minister Tsutomu Hata and the chief U.N. peacekeeper in Cambodia agreed Wednesday [15 September] that Tokyo should consider sending personnel for peacekeeping duties elsewhere, within the limits of its constitution and public opinion.

The accord emerged as Hata talked for half an hour with Yasushi Akashi, head of the U.N. Transitional Authority in Cambodia (UNTAC), at the authority's headquarters in Phnom Penh, a Japanese spokesman said.

"I think we should make positive contributions of personnel not only in Asia but elsewhere," Hata was quoted as saying.

"But we cannot do everything. We should contribute actively within the limit of what is permitted by domestic opinion."

Japan sent a total of 1,200 engineering troops from the ground self-defense force over the past year as part of the 22,000-strong UNTAC, marking Tokyo's first overseas army deployment since World War II.

The dispatch followed two years of domestic controversy as opponents claimed it ran counter to the constitution that bans the use of force in settling international disputes.

Ahead of the meeting with Akashi, a Japanese national, Hata visited 150 remaining Japanese battalion members in southern Cambodia, from where they are preparing to leave later this month.

Comparing UNTAC's mandate without peacemaking authority to boxing, Akashi said his mission lacked a knockout punch but found the enemy (conflict) flattened in the 10th round after continued body blows, the spokesman said.

Akashi also told Hata the U.N. will station some military observers in Cambodia if the country desires as part of a post-UNTAC program which also calls for small offices to oversee reconstruction, human rights protection and mine clearing.

Hata arrived in Phnom Penh from Bangkok earlier Wednesday on a four-day tour of Thailand and Cambodia. He will return home Friday.

Pledges 'Appropriate' Economic Aid

OW1509234293 Tokyo KYODO in English 2311 GMT 15 Sep 93

[Text] Phnom Penh, Sept. 16 KYODO—Japanese Foreign Minister Tsutomu Hata pledged Wednesday [15 September] night to assist Cambodia's self-help efforts in both political and economic areas as well as cooperate in restoring Khmer cultural remains and developing human resources.

"Japan is determined to contribute to peace and reconstruction of Cambodia through further diplomatic and other efforts," Hata told a reception hosted by Japanese Ambassador to Cambodia Yukio Imagawa at a Phnom Penh hotel.

"First, Japan will cooperate in assisting Cambodia's self-help efforts in both political and economic fields," said Hata, who arrived from Bangkok earlier in the day on a four-day visit to Thailand and Cambodia.

Japan will also extend "appropriate" economic aid to assist such efforts, he added.

Japan pledged another 20 million dollars in aid at a recent international conference on Cambodia's reconstruction held in Paris, boosting its total pledges to 220 million dollars, the biggest amount promised by any donor.

Hata said Japan's cultural cooperation will cover the world-famous Angkor monuments, adding that it will provide "every assistance it can offer."

He also said Japan will help develop human resources, which he said is a "prerequisite" for the peace and development of Cambodia to compensate for the heavy loss of life due to decades of civil war and conflict.

The reception was also attended by Prince Norodom Ranariddh, one of the co-prime ministers of Cambodia's interim government, and Yasushi Akashi, head of the United Nations peacekeeping mission, which is near the end of its 18-month mandate.

Lauds Japanese Troops on Role

OW1509130193 Tokyo KYODO in English 1235 GMT 15 Sep 93

[Text] Phnom Penh, Sept. 15 KYODO—Japanese Foreign Minister Tsutomu Hata lauded compatriot engineering troops in Cambodia on Wednesday [15 September] for showing Tokyo's sincerity toward world peace and helping bridge the two nations.

"You have shown the international community that the idea of our constitution seeking world peace is a sincere one underlined by practice," Hata told 150 remaining members of the 600-strong engineering battalion from the Ground Self-Defense Force in the southern port town of Sihanoukville.

The battalion, the first Japanese ground troops to serve abroad since World War II, has mainly repaired roads and bridges and built some facilities, including a container yard in Sihanoukville.

"You have not only made such visible contributions, but also done what will remain in the heart of Cambodians like support for elections and exchanges with local people, thus becoming a bridge between Japan and Cambodia," Hata was quoted as saying by his aides.

In reply, battalion commander Lt. Col. Yoshio Ishioroshi said his team feels satisfied with its accomplishments, adding that Japan will hopefully make use of the experience in future international peacekeeping operations elsewhere.

Hata also visited a Maritime Self-Defense Force transport vessel waiting to ship home the battalion's equipment and supplies, except that donated to Cambodia.

A United Nations helicopter carrying Hata on his way to Sihanoukville circled a few times over the battalion's evacuated base in Takeo south of Phnom Penh, pool reporters accompanying him said.

Hata arrived in Phnom Penh from Bangkok earlier in the day on the second and final leg of a four-day visit to Thailand and Cambodia.

He will fly home via Bangkok on Friday.

Combat Role for Peacekeepers Suggested

OW1609053893 Tokyo KYODO in English 0456 GMT 16 Sep 93

[Text] Phnom Penh, Sept. 16 KYODO—The head of the UN peacekeeping mission in Cambodia has suggested that Japan consider sending an infantry battalion in future peacekeeping operations without limiting its role to noncombat aspects.

"I hope Japan will prepare itself for a situation where it can dispatch, as a future task, a Ground Self-Defense Force infantry battalion if public opinion allows," said Yasushi Akashi, head of the UN Transitional Authority in Cambodia (UNTAC).

UN peacekeeping missions are underway not only in Asia but in other parts of the world following the end of the Cold War, Akashi said Wednesday [15 September] in an interview with KYODO NEWS SERVICE.

He expressed hope that Japan, learning from its latest experience in Cambodia, will gradually expand its peacekeeping role "within the constraints of the constitution" which bans the use of force in settling international disputes.

Japan sent a total of 1,200 engineering troops to Cambodia over the past year to serve in UNTAC under a controversial law enacted after two years of domestic political wrangling.

It was the first overseas deployment of ground troops since World War II by Japan, which is seeking to play a greater political role in world affairs.

But the move triggered concern about Tokyo's potential military threat to other parts of Asia, mostly occupied by Japan during the war.

Conscious of such anxiety, Japan has frozen any combat role in UN peacekeeping missions.

Akashi proposed other forms of Japanese contribution to UN peacekeeping operations, including establishment of a depot in Japan for such missions. Last year he suggested such a depot be set up in the southern prefecture of Okinawa.

He also called on Tokyo to consider establishing joint drilling ranges in Japan for use with troops form other Asian countries such as South Korea and China, as nations in Scandinavia have done.

Akashi is expected to return to New York next week for a new assignment at UN headquarters after his 18-month UNTAC mandate ends with the imminent formation of Cambodia's permanent government.

He stopped short of giving his mission a full mark because of some problems left unresolved, including failure to persuade the radical Khmer Rouge rebel faction to disarm and join elections last May.

But he rated the mission's outcome 90, given the successful elections that led to the birth of the present interim coalition government.

Confers With Ranariddh, Sirivut

OW1609092893 Tokyo KYODO in English 0855 GMT 16 Sep 93

[Text] Phnom Penh, Sept. 16 KYODO—Japanese Foreign Minister Tsutomu Hata on Thursday tightened a bolt on a half-rebuilt bridge here in a ceremony to mark the completion of its construction as Cambodian leaders called it a symbol of friendship between the two countries.

Prince Norodom Ranariddh, co-prime minister along with Hun Sen, told Hata at their meeting later that the Chroy Chamgwar bridge will be renamed the "Cambodia-Japan Friendship Bridge," a Japanese spokesman said.

The 700-meter-long bridge, originally built in 1963 with Japanese financial and technical help but destroyed later by the radical Khmer Rouge rebel group, is to be restored next March.

It will serve as a transport artery between Phnom Penh and the country's fertile northern region.

At the meeting with Hata, Ranariddh paid tribute to two Japanese—a volunteer worker and a civilian policeman—killed earlier this year during their work in Cambodia.

The spokesman quoted the prince, son of head of state Prince Norodom Sihanouk, as saying the Cambodian people will never forget the victims who he said died for the freedom of the country.

Scores of other non-Cambodians serving under the U.N. Peacekeeping mission were killed in action.

Prior to the meeting, Hata conferred with Cambodian Foreign Minister Norodom Sirivut, a half-brother of Sihanouk.

Sirivut told him that Cambodia has no immediate plan to obtain observer status in the Association of Southeast Asian Nations (ASEAN), the spokesman said.

Cambodia will remain neutral and nonaligned, although its neighbors have close ties with ASEAN, he said, referring to Vietnam and Laos, which became observers last year in a preparatory move for full membership.

Sirivut attended an annual meeting of ASEAN foreign ministers in Singapore in July as special guest to become the first Cambodian minister to do so.

He was quoted as telling Hata that Sihanouk has approved the country's representation at next year's ASEAN ministerial meeting in Bangkok in July, again as special guest.

Sirivut also said Cambodia is prepared to establish diplomatic ties with Israel following the Jewish state's historic rapprochement with the Palestine Liberation Organization (PLO), the spokesman said.

Turning to domestic politics, he said he supports Sihanouk's overnight proposal to maintain the present administrative system when a new government is formed following the imminent adoption of a constitution.

Sihanouk called for nomination of the first and second prime ministers in the new government compared with the co-prime minister system under the present interim leadership shared by Ranariddh and Hun Sen.

The foreign minister sought Japanese assistance in four fields, including improvement of infrastructure facilities such as bridges, and development of human resources.

Hata, the first Japanese foreign minister to visit Cambodia in 34 years, agreed in principle to meet the requests, offering to accept Cambodian students under a government scholarship program and train young diplomats in Japan.

On Wednesday, Hata was honored in a reception at a Phnom Penh hotel upon arrival from Bangkok on the second leg of a four-day southeast Asian tour.

At the reception, also attended by Ranariddh, Hata pledged to assist Cambodia's self-help efforts in both political and economic areas as well as cooperate in restoring Khmer cultural remains and developing human resources.

He will fly to Bangkok later Thursday on his way home.

Discusses Economic Ties

OW1609063093 Tokyo KYODO in English 0611 GMT 16 Sep 93

[Text] Phnom Penh, Sept. 16 KYODO—Cambodia has no immediate plans to obtain observer status in the Association of Southeast Asian Nations (ASEAN), the nation's foreign minister told his visiting Japanese counterpart Thursday [16 September].

Prince Norodom Sirivut said at a meeting with Foreign Minister Tsutomu Hata that Cambodia will remain neutral and nonaligned although its neighbors have close ties with ASEAN, a Japanese spokesman said.

Vietnam and Laos became observers last year in a preparatory move for full membership.

Sirivut was a special guest at an annual meeting of ASEAN foreign ministers in Singapore in July, becoming the first Cambodian minister to do so.

Sirivut was quoted as telling Hata that his half-brother, Cambodian head of state Prince Norodom Sihanouk, has approved the country's representation at next year's ASEAN ministerial meeting in Bangkok in July, again as special guest.

Sirivut also said Cambodia is prepared to establish diplomatic ties with Israel following the Jewish state's historic rapprochement with the Palestine Liberation Organization (PLO), the spokesman said.

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Sihanouk called for nomination of the first and second prime ministers in the new government compared with the co-prime minister system under the present interim leadership shared by his son, Prince Norodom Ranariddh, and Hun Sen.

The foreign minister sought Japanese assistance in four fields, including improvement of infrastructure facilities such as bridges, and development of human resources.

Hata, the first Japanese foreign minister to visit Cambodia in 34 years, agreed in principle to meet the requests, offering to accept Cambodian students under a government scholarship program and train young diplomats in Japan.

He later visited a Phnom Penh bridge destroyed during 13 years of civil war ended in 1991 and now being restored with Japanese financial help.

On Wednesday, Hata was honored in a reception at a Phnom Penh hotel upon arrival from Bangkok on the second leg of a four-day Southeast Asian tour.

At the reception also attended by Ranariddh, Hata pledged to assist Cambodia's self-help efforts in both political and economic areas as well as cooperate in restoring Khmer cultural remains and developing human resources.

He will fly to Bangkok later Thursday on his way home after conferring with Ranariddh and Hun Sen.

CPP MP's Back Copremiers Formula for Government

BK1609072093 Phnom Penh AKP in French 0358 GMT 16 Sep 93

[Text] Phnom Penh 16 Sep (AKP)—The group of Cambodian People's Party [CPP] MP's in the Constituent Assembly supports the co-premiers formula in the future government of Cambodia in the spirit of national reconciliation and the superior interest of the country, and for the political stability and normalcy of all societal activities, reads a communique made public Tuesday, 14 September.

According to the communique, a CPP meeting was held on 13 and 14 September in the presence of its chairman, Mr. Chea Sim, its honorary chairman, Mr. Heng Samrin, and its vice chairman, Mr. Hun Sen. The meeting discussed the draft of Cambodia's new constitution. All CPP members unanimously expressed their support for Prince Norodom Sihanouk, Cambodia's head of state, for his noble role in the peace and national reconciliation process.

"All members of the CPP, the communique said, are determined to follow and support the mission of Prince Norodom Sihanouk, father of the Cambodian nation and head of state of Cambodia, in the cause of peace, national reconciliation, liberal and multipartite democracy and in order to build and develop the country into one like other civilized countries in the world."

"In that context, all members of the CPP, also members of the Constituent Assembly, voice support for the reestablishment of the constitutional monarchy in which the King as the symbol of national unity rules but does not govern and in which liberal and multipartite democracy will be ensured," the communique said.

Son Sann Opens Assembly's 2d Plenary Session

BK1609082193 Phnom Penh AKP in French 0403 GMT 16 Sep 93

[Text] Phnom Penh 16 Sep (AKP)—The second plenary session of the Constituent Assembly began its work in Phnom Penh Wednesday, 15 September, to examine the final draft of the constitution.

Son Sann, chairman of the Constituent Assembly; Chea Sim, first vice chairman; Ing Kiet, second vice chairman; Prince Norodom Ranariddh and Mr. Hun Sen, cochairmen of the Provisional National Government of Cambodia (PNGC) were present among the MP's elected during the general elections.

Also on hand were Yasushi Akashi and Behrooz Sadry, head and deputy head of UNTAC [United Nations Transitional Authority in Cambodia] respectively; General John Sanderson, commander of the UN peacekeeping forces; and representatives of the diplomatic corps in Cambodia.

In his opening speech, Son Sann stressed: As the elected MP's of the Cambodian people, we have already lived a historic day, last 14 June, when we rehabilitated His Royal Highness [HRH] Prince Norodom Sihanouk by declaring the coup d'etat of 18 March 1970 illegal and by reestablishing the continuity of the state's legitimacy.

The assembly of the people's deputies has thus restored HRH Prince Norodom Sihanouk to his august office of Cambodia's head of state, said Mr. Son Sann before adding:

Today, we are going to live another historic day by commencing the debate of the draft constitution prepared by our drafting commission. This constitution will reestablish HRH Prince Norodom Sihanouk as King of Cambodia in a very democratic and very liberal constitutional monarchy.

During last May's elections organized by UNTAC, the Cambodian people mostly voted for FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and, through FUNCINPEC, for HRH Prince Norodom Sihanouk.

He went on to say:

The Cambodian people want a lasting peace and [passage indistinct].

SRV Special Units Sent to Siem Reap

BK1309022793 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 12 Sep 93

[Text] Sources in Prek Toal in Battambang Province say that on 8 September Vietnam brought in another 5,000 Vietnamese by boat to Prek Toal. The reports say that these Vietnamese nationals cannot speak a word of Cambodian but possess Cambodian identity cards issued by Vietnam's puppets. The people say that they were born and have lived in Prek Toal all their lives and have never seen any of these Kantop [derogatory term for Vietnamese].

The reports say that among the 5,000 Vietnamese there are 200 whose names were called out by Vietnamese Army officers; they were then taken by truck immediately to Siem Reap Province. The reports specified that these 200 men are Vietnamese special units sent to assist and lead the puppet troops in the fighting in Siem Reap Province.

Indonesia

U.S. Objection to Helicopter Sale to Iran Viewed

BK1609040093 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 16 Sep 93

[Text] B.J. Habibie, minister of state for research and technology and chairman of the Board for Technological Research and Application, has made it clear that no U.S. permission is needed for the sale of seven Super Puma helicopters. B.J. Habibie made the remarks before reporters in Jakarta after meeting Australian Industry and Technology Minister Alan Griffiths. The minister expressed his astonishment at the U.S. objection to the sale of the seven French-made Super Puma helicopters to Iran because not a single component of those helicopters is a U.S. product.

During the meeting lasting almost two hours, B.J. Habibie and his Australian Counterpart discussed possible technological cooperation between Indonesia and Australia. According to B.J. Habibie, Indonesia and Australia are expected to sign a scientific and technological cooperation agreement in October.

Ban of U.S. Arms Sales Could Harm Relations

BK0909143493 Singapore THE STRAITS TIMES in English 9 Sep 93 p 1

[By Jakarta correspondent Paul Jacob]

[Excerpts] Jakarta—Indonesia yesterday cautioned that ties with the United States could be harmed and pushed "to a breaking point" if the American Congress adopted a proposal that would ban U.S. arms sales to it.

A senior Foreign Ministry official, speaking on condition of anonymity, said the proposal which Democratic Senator Russell Feingold planned to table yesterday ignored the larger interests which Washington had said it shared with Indonesia and other countries in the region.

These were outlined last month by U.S. Assistant Secretary of State Winston Lord who said that although problems existed over human rights, the many positive aspects of ties with Jakarta must not be overlooked.

Good U.S.-Indonesia relations, U.S. access to Indonesian military facilities, growing trade and investment, and Jakarta's role in the region were cited by Mr. Lord to explain why Indonesia was an important partner of the U.S.

The official said that such remarks underscored Washington's "cautious and positive attitude" towards Indonesia, which Senator Feingold should not overlook.

"We do not mind comments or advice, but we do not accept conditionalities. When you use pressure, you have to realise that pressure can also be counter-producive," he said.

The amendment aims to bar all U.S. arms sales to Indonesia unless it allows interational human rights groups unrestricted access to East Timor, a former Portuguese colony which Jakarta annexed in 1976.

Senator Feingold was to introduce the proposal as an amendment to a foreign aid bill before the Senate Foreign Relations Committee.

The amendment also called for an end to all forms of "inhumane treatment" in the territory and for Jakarta to comply with United Nations resolutions on East Timor. [passage omitted]

The Indonesian official conceded that such incidents provided ammunition for Congress members who wanted the U.S. to press Indonesia on human rights reforms.

Washington cut education and training programmes for the military, blocked the sale of U.S.-built F-5 jets by Jordan to Jakarta and has threatened to withdraw trade privileges next February unless labour practices here are improved.

Even against this backdrop, the Indonesian official remained confident that there were others in Congress "who are sufficiently sensible". They would look at the broad picture of bilateral ties when considering the Feingold proposal, he said.

Several senators were moving to alter the proposal, he said, adding that US businessmen dealing with Indonesia had written to Congressmen to express their concern about the proposal's impact.

As the amendment was still to be considered, the official said he did not want "to aggravate matters" by making threats.

"But when something negative is moving in a certain direction, we certainly need to let the U.S. know that we do not like it," he said. [passage omitted]

U.S. Accused of 'Victimizing' Nation

BK1009154693 Hong Kong AFP in English 1139 GMT 10 Sep 93

[Text] JAKARTA, Sept 10 (AFP)—A top Indonesia labor official Friday accused the United States Friday of victimizing Indonesia by linking the country's labor and human rights record to the continuity of trade privileges.

"Why should Indonesia be victimized?" asked Payaman Simanjuntak, director general of industrial relations and supervision of labor standards, referring to Washington's threat to revoke trade privileges should Jakarta fails to improve its labor conditions by February.

Speaking to foreign journalists just ten days ahead of a visit by a U.S. team form the Trade Representative Office to assess labor conditions here, Simanjuntak questioned the motive behind the move.

He pointed out that if human rights were the background consideration, its implementation in the United States itself still left much to be desired.

He cited the Los Angeles racial riots last year as well as "the thousands of killings in the United States whose killers have not been found."

The U.S. team is expected to be in Indonesia on September 20 to September 24 to discuss labor issues with an Indonesian government team, recently formed to lobby Washington on the problem.

Simanjuntak said he did not really know whether the real motive behind the U.S. threat to withdraw trade benefits under the Generalized System of Preferences (GSP) was "purely human rights" or there was "something else behind it."

The United States has expressed concerns about Indonesian labor laws, including the rights for workers to organise, and said it was considering a review of trade priviledges granted to Indonesia should the country fail to improve the protection of its workers.

"We have tried to make the best for our workers, but we have limited capabilities," Simanjuntak said, adding that workers were free to establish their own organization with or without affiliation to the government-backed All Indonesia Workers' Union (SPSI).

Indonesia came under further sharp pressures after authorities refused permission for the Sejahtera (Welfare) Indonesia Trade Union (SBSI), the country's largest independent union, to hold its first congress in July saying the group was not registered.

The government has declined to recognise trade union other than the SPSI, but has limited its action to urging local authorities and firms not to grant facilities to the unions.

Simanjuntak said the government could not recognize the SBSI as it was formed not by workers but by persons interested in labor conditions, including members of non-governmental groups.

He said he believed Indonesia would "take action" should the GSP benefit was really lifted, citing the example of Jakarta halting reception of Dutch development aid in 1992 because of the Netherlands's decision to link human rights issues to its assistance.

He did not elaborate.

A total of 1.15 billion dollars worth of Indonesian exports to the United States enjoyed GSP facilities last year, making Jakarta the seventh largest beneficiary of the scheme.

"It will affect the trade to some extent but for Indonesia it is not in term of money (as) we can stay without it ... (but) it is a matter of self esteem," Simanjuntak said.

Views on Singapore Presidential Election Results

BK1109082993 Jakarta THE JAKARTA POST in English 31 Aug 93 p 4

[Editorial: "Dissension In Singapore"]

[Text] Had the weekend's presidential election not taken place Singaporeans would never have registered their disgruntlement since they appeared to have been happy with the status quo. The People's Action Party (PAP), which has dominated Singaporean politics since the island gained independence from Britain in 1965, has successfully taken the country to the pinnacle of economic prosperity whereby it is now ranked as one of the world's most prosperous nations.

To date Singaporeans have clearly been happy with the strong leadership of Lee Kuan Yew, PAP's founder, and the dynamics of single-party dominance, although stability has been preserved at a cost. The people's basic rights, to a certain degree, have been curtailed and minorities have not enjoyed the same prosperity as the dominant ethnic group.

When the government of Prime Minister Goh Chok Tong planned the weekend's presidential election, the first in the country, many people in this hemisphere questioned what it wanted to gain from such a ceremonial event, given that there were no strong opposition candidates and the people had manifested no obvious discontent towards the government. In fact the population in Singapore appeared relatively happy, at least materially satisfied, compared to those living in neighboring countries.

Underdog presidential candidate Chua Kim Yeow, the only opposition candidate in the race, was understandably reluctant to enter the race from the beginning because he saw no way to defeat Ong Teng Cheong, the candidate from the ruling party whose grip over the country's politics has been unchallenged for decades. Ong, who is a former deputy prime minister and once the party's chairman, jumped into the race with the solid support of the powerful National Trade Union Congress of which he was Secretary General.

The electoral campaign—which involved only two appearances on television by Chua—looked like a showcase for democracy. Leaders from other countries might have felt compelled to respond to the winds of change that have swept the world and introduced changes to their systems in response to the global democratic movement. Such structural changes are seen as one way to avoid communication bottlenecks with the Western nations, on which many countries remain economically dependent. Singapore's case is different. Its tremendous economic achievements have forced other countries to condone—or at least conveniently forget—the antiquation of its political system.

The industrialized countries did not make much of a fuss during the three decades Premier Lee Kuan Yew ruled Singapore with his iron hand cloaked in velvet gloves, unlike their response to other developing countries who were still reluctant to embrace democracy.

Prime Minister Goh Chok Tong, who took over from Lee in 1990, realized from the beginning that he was not as charismatic as his predecessor, who enjoyed immense popularity both at home and abroad. Goh has felt the pressure to introduce changes.

With last week's presidential election he wanted to give more say to his people without risking significant change. Even if Chua, or any other candidate, won at the polls, he would not be able to initiate political transformation since the presidential post does not mandate such powers. Yet some progress has been made in this area, with more power now attached to the what used to be a largely ceremonial presidential post.

However, with the government's declining popularity, as demonstrated by Ong Teng Cheong's showing of only 58.7 percent of the votes, on Saturday, it now faces a new crisis: the disappointment of the average Singaporean in the way the presidential job has been handled. These Singaporeans are now the silent, but growing minority in this affluent society.

Official Denies 'Rumor' of East Timor Arrests

BK0609105893 Jakarta ANTARA in English 0736 GMT 6 Sep 93

[Text] Dili, East Timor, Sep 6 (OANA/ANTARA)—A local military official here Monday denied that there had been demonstrations and arrests made by the Indonesian Armed Forces (ABRI) prior to the current visit of US congress staffers in East Timor.

Colonel Jhony Lumintang, Commander of the 164 Wira Dharma Military Resort in Dili, said US congressional staffers had inquired about the rumour.

It seems the US congressional staffers have been influenced by the rumour from abroad, he said.

Col. Lumintang said he had also told the staff of the US congress that the authorities had never oppressed any family members of Constatio Pinto, one of the masterminds of the Dili incident. Pinto ran away abroad after the incident in November 1991.

Rumours that Constatio Pinto's members of family have been inhumanly oppressed by security personnel are false, he said.

To his guests, Lumintang explained that ABRI only stations 10 battalions in East Timor consisting of nine territorial units and one attack unit which are to be reduced in stages.

He said the territorial units are stationed here to help the government alleviate poverty as a result of long colonialism of Portugal in East Timor.

The presence of the territorial units has brought much benefit to the people particularly those who live in remote areas, he said.

Lumintang said he had always taken firm action against ABRI members who conducted violations or hurt any East Timorese.

Exporters Reminded of Timber Products Eco-Labelling

BK0609120193 Jakarta SUARA PEMBARUAN in Indonesian 23 Aug 93 p 4

[Text] Jakarta 23 Aug—The government has again reminded businessmen of the processed timber industry not to carelessly disregard the ecolabelling system when exporting their products to the international market, and especially to Europe.

"If you want to be successful in doing business in a certain country, you must respect the regulations set by the consumer country. Do not ignore the regulations," Ir. [Engineer] Susanto Saharjo, director general of multiindustry, said to reporters after he opened the Indonesian Furniture Expo '93 in Jakarta, on Saturday [21 August].

According to schedule, the ecolabelling of the tropical timber and products will be applied to European market in early September 1993.

The processed tropical timber products that are not accompanied with the label will probably not make a breakthrough into the international market, particularly to the European Community [EC].

Susanto said that apart from obeying the regulations, Indonesian industrialists are also required to launch an active promotion drive overseas. Its purpose is to inform others that the government's forestry management is trying to prevent forest destruction and is paying serious attention to the environment.

In his written message, read by Suanto before the opening ceremony, Industry Minister Ir. Tunky Ariwibowo said that the timber products industry, especially the furniture industry, is a lucrative trade that could help boost the exports of nonoil and nongas commodities. This is evident from the rapid growth of the industry after the government prohibited any limitation to the exports of sawed timber and imposed a high export tax on processed timber products. In 1986, the export volume was 3,200 units with the capacity of 1,250,000 cubic meters, in 1992, the export volume increased to 3,628 units with a capacity of 3,567,351 cubic meters.

These figures continued to swell, and in 1993 the processed timber products reached 3,675 units with a capacity of 3,684,851 cubic meters. "Apart from that, Indonesia has managed to raise the level of of competitiveness for its timber products in the export market," he said.

According to the trade data, in 1986 the export value of wood-based furniture and furniture components reached US$9.8 million. In 1991, the value was US$142.1 million, and in 1992 the value increased to US$208.4 million. Meanwhile, the the export value of of furniture made from wood, rattan, metal, and plastic recorded in 1992 was US$877.35 million.

Company Defends Its Environmental Record

BK1109114193 Jakarta THE JAKARTA POST in English 28 Aug 93 p 2

[Text] Jakarta (JP)—PT [Company Limited] Inti Indorayon Utama, the giant pulp and rayon company, says it has fulfilled all its obligations to help preserve the environment around its North Sumatera factory.

Indorayon has processed its effluent properly and the standard of the waste water discharged into the River Asahan is below the level set by the government, Buntario Tigris, Indorayon's Public Affairs Manager, said yesterday.

The most recent on-the-spot examination by the Environmental Impact Management Agency (Bapedal) found that the factory has met all its environmental obligations, Buntario told THE JAKARTA POST.

Indorayon, a public company listed in the Jakarta Stock Exchange, recently came under fire from nongovernmental organizations [NGO] which accused them of harming the environment.

Buntario said the company will invite the NGOs to visit the factory next month to give them an opportunity to examine it themselves.

Indorayon, which runs a factory in Porsea, North Tapanuli near Lake Toba, produces 220,000 tons of pulp and 65,000 tons of rayon annually.

Buntario's assertion that Indorayon has already complied with the government's environmental prevention requirements was confirmed in a separate interview by Nabiel Makarim, Bapedal's Deputy for Pollution Control.

Nabiel said results of laboratory tests show that the pollution content of the factory's effluent is below the standard specially set by the government for the factory in the standard for Indorayon has been stricter than that imposed on other pulp and paper factories because of the special location of the factory.

However, Nabiel said that Indorayon's effluent character has been unstable in the past. Later this year, after the additional installment of waste water treatment equipment, the good results can be expected to be consistent.

No diligence Nabiel said that in the beginning Inti Indorayon did not show any diligence in tackling its pollution problem.

More recently, though, it has tried hard to improve its performance.

Earlier State Minister of Environment Sarwono Kusumaatmaja said the site of the factory was poorly chosen and it should not be there in the first place.

However, since the government had given the permit the factory can not be closed down unless the government wants to pay a huge sum in compensation, which would be impossible, he said.

The minister also said that in future the government will be more stringent in evaluating proposals for pulp and paper mills and a permit would be given only if the proposed site were really suitable.

Buntario yesterday denied the accusation that Indorayon's tree felling operations are causing a drop in the water level of Lake Toba which is the origin of the Asahan River. Buntario said there was no hard evidence to support this claim.

The company has cut down 4.2 million trees, mostly pine, on a 10,488 hectare area and planted 50.1 million saplings of eucalyptus on a 30,015 hectare area.

Editorial Praises State Electric Company

BK1109081593 Jakarta THE JAKARTA POST in English 2 Sep 93 p 4

[Editorial: "Power Company Shines"]

[Text] The state-owned electricity company, PLN, obviously one of the largest national concerns, has accomplished much and should be proud of its achievements. PLN's financial reports have not only been approved with an unqualified opinion by the Government Audit Agency but the company also boasted net profits amounting to Rp [rupiah] 570 billion (US$271 million) last year and Rp 500 billion in 1991. It was only about four years ago when the public utilities company was mired in such gross inefficiency that the Manila-based Asian Development Bank refused to lend it the funds it needed, unless the company worked harder to cut its waste. The company's power losses, both in terms of transmissions and distribution networks, were then estimated at 21 percent. It also lost a large volume of its revenues through unpaid and overdue bills.

PLN was the focus of public complaint and investors anger during the 1989-1992 period as its supply capacity was far below the rapidly expanding demand and many industrial firms were forced to scale down production operations because of power shortages.

However, the company's performance over the last four years has radically improved even though the power-shortage problem still remains. As is evident from its financial statements, PLN has succeeded in transforming itself from a bureaucracy to a business- oriented enterprise even though its tariffs remain fully controlled by the government. Indeed, because electricity is a basic commodity, like housing and education, regulation of its tariffs is very sensitive, and in fact is somewhat of a political volcano.

So impressive has been PLN's performance that its promissory notes have achieved virtually an investment-grade quality. The company, for example, has been approved by the Capital Market Supervisory Agency to float Rp 600 billion worth of bonds to raise additional funds for its electricity plant projects.

Even more encouraging was the official announcement on Tuesday that the government had reached an agreement with PT [Company Limited] Batu Hitam Perkasa—the first major private power generation company—on the sale price for electricity from the Indonesia-U.S.-Japanese joint venture company. Based on that agreement, the private company will sell the power from its $2 billion two coal-fired electricity generation units in Paiton, East Java, each with a capacity of 600 megawatts, to PLN at slightly lower than US$.09 per kWh [kilowatt hour].

This agreement could be considered a breakthrough for private sector participation in electricity generation in the country because it could serve as a model for other private generation plants currently under various stages of construction. In fact the positive impact is already apparent. Another private consortium involving the Bimantara Group and a German company has announced that it will soon embark on the construction of two units of coal- fired power stations, each with 615 megawatt capacity, also in Paiton. Batu Hitam's move may also be followed by another group which is preparing a similar project with a 1,200 megawatt capacity near Semarang in Central Java in cooperation with ABB of Germany.

The pricing formula is obviously the most complex aspect of these kinds of power-generation ventures, since the determination involves the calculation of future costs with numerous variables and, at the same time, it is also the most crucial factor in luring private investors. No wonder, the negotiations with Batu Hitam took almost two years to complete. But now the most complex aspect has been solved and we can expect a rapid growth in private investment in power generation. This in turn will be a great boon to overall development in the country in view of the basic role of electricity in our daily lives.

Golkar Chairman on Differences Within Party

BK0609151193 Jakarta ANTARA in English 1424 GMT 6 Sep 93

[Text] Semarang, C. Java, Sep 6 (ANEX/ANTARA)—Chairman of Golongan Karya (Golkar or Functional Group) Wahono commenting on rumours that internal differences of opinion were increasingly disuniting the group, said the divergencies of view should not lead to a rift.

The growing rumours would have adverse effects if the group was not watchful from now on, Wahono said in remarks opening a meeting of the Central Java chapter of Golkar here on Sunday.

Wahono also said Golkar members across the country should not be easily trapped into a situation that would create a "Civilian—military" dichotomy at the meetings. Regional chapters of Golkar were organising in the runup to Golkar's national congress next October.

"Such rumours basically constitute a rejection of the dual function of ABRI (Indonesian Armed Forces) the principles of which we have all agreed to", he said.

"The dual function of ABRI is not militarism but the fulfillment of ABRI's socio-political function," he said.

Wahono said his warnings would become more relevant if linked to the political situation in the future, in which the people would increasingly tend to uphold the principles of openness, democracy and self-reliance as a result of the successful implementation of development programmes and the globalisation process.

"The successful implementation of development programmes and the advancement of technology have placed Indonesia in a position where it cannot separate itself from or remain unaffected by global developments," he said.

In order to avoid becoming a victim of openness and democracy, he said, Golkar should function as a socio-political organisation that upholds the principles of openness and democracy.

The meeting of Golkar's Central Java chapter will among other things elect a new executive board chairman for the chapter.

Philippines

Trade Agreement Reached With Indonesia

HK1609040893 Manila MANILA BULLETIN in English 16 Sep 93 p B-1

[Report by Ellen S. Marcelo]

[Text] The Philippines and Indonesia have agreed to finalize trade and investment agreements during the state visit of President Ramos next week. Trade and Industry Assistant Secretary Edsel Custodio disclosed yesterday that the framework on these agreements were already reached during the recently concluded second Philippines-Indonesia joint working group meeting in Cebu.

Essentially, Custodio said that these were anchored on four major areas such as the improvement of inter-regional linkages on shipping, telecommunications, postal services, banking and civil aviation; the trans-border trading and networking; the concept of the east Asean growth area; and the bilateral arrangements under the common effective preferential tariff (CEPT) scheme.

Custodio explained that the two countries hope to strike a transborder shipping agreement covering Bitung, Davao and General Santos to support the growing trans-border trade. "There had been talks in the past about the expansion of border trade but nothing much had been done about this," he said.

On the request of Indonesia, he said that the Philippines would study the possibility of sharing in the cost to extend the shipping service to Davao and General Santos.

Similarly, the joint working group agreed that efforts should be intensified to link up the southern Philippine border with northern Indonesia via the renegotiation of the air traffic pact. He said that this would involve the removal of some provisions of the existing air services agreement covering the Davao-Manado route that disallows advertising and promotion of the services.

As a support mechanism, the joint working group also reached a consensus that cooperation among financial institutions be strengthened. During the meeting, the possibility of the re-opening of a branch by the Philippine National Bank (PNB) in Indonesia surfaced, he added.

On the CEPT mechanism of the Asean Free Trade Area (AFTA), the two countries agreed that more than 2,000 common products included in the scheme could be made as a basis for long-term investment and trade cooperation, notably for the private sector.

Peace Talks To Follow Ramos Trip to Indonesia

HK1609042293 Manila BUSINESS WORLD in English 16 Sep 93 p 16

[Text] Peace talks with the Moro National Liberation Front (MNLF) will be held in Indonesia only after

President Ramos's five-day state visit next week, government negotiating panel chairman Manuel Yan yesterday said. Speaking to Palace reporters after a meeting with the President, Mr. Yan said the peace talks could have been held from September 10 to 18. However, the letter from the Organization of Islamic Conference arrived only last week.

Mr. Yan said MNLF chairman Nur Misuari has sent a letter to Mr. Ramos informing the government of MNLF's "readiness and intention to start the formal talks with the panel." A date for the talks could not be arrived at yet because the Indonesian Government is still busy with preparations for the President's September 20 to 24 state visit, he said. "They are busy preparing for the visit of (Mr.) Ramos next week, so in all likelihood, the formal talks will have to start after the state visit," Mr. Yan told reporters.

"We have to give time for the Indonesian Government to reply because we have to ask if they are ready or not ... It depends on their calendar of activities," he added. In lieu of a formal opening in Manila, Mr. Yan said the talks would officially open when Mr. Misuari's representative presents the letter of intent to the panel.

In another development, Rep. Jesus Dureza, member of the government panel tasked with negotiating with leftist rebels, said the final details of the peace talks to be held in Ho Chi Minh, Vietnam were being ironed out. "We are awaiting the details regarding the date and the number of participants that will go to Ho Chi Minh City," he said.

Government panel chairman Howard Dee, is in constant contact with National Democratic Front leader Luis Jalandoni on what undertakings will be done, Mr. Dureza added. Mr. Ramos, meanwhile, issued Executive Order No. 125 defining the "approach and administrative structure for Government's comprehensive peace process."

Talks Recommended for 10-30 Sep

HK1609105093 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 16 Sep 93

[Text] The Islamic Conference Organization [ICO] has recommended holding formal negotiations between the government and the Moro National Liberation Front [MNLF] between 10 and 30 October.

Congressman Bensaudi Tulawie has said that the government is just awaiting the ICO's formal notice to start the formal talks. Tulawie added that the dates for the negotiations were recommended to him by ICO Deputy Secretary-General (Ibrahim Bakkr) before the congressman returned to the country last 12 September.

Tulawie has accused former Ambassador Manuel Yan, head of the government panel, of delaying the start of formal talks after the latter stressed that MNLF Chief Nur Misuari needs one more representative to formally send a letter of intent from him. Tulawie added that the government panel does not need to wait for anything more since he has already submitted to President Fidel V. Ramos the letter of intent from Misuari, as well as the ICO endorsement, which was sent through the Philippine Embassy in Jeddah on 2 September.

Tulawie also said that the government failed to receive Misuari's letters on 11 September and that is why he was given a copy by (Bakkr) to deliver to President Ramos. In a recent meeting of the peace panel in Malacanang, Ramos instructed Yan to give consideration to the letter which Tulawie carried. Tulawie said that even though the government has no more time to notify Indonesia, who is now also busy preparing for Ramos' state visit, the talks have been recommended to take place in Jakarta, Indonesia between 10 to 18 September.

Tulawie has stressed the importance of the MNLF's readiness to face the government panel.

Government 'Reluctant' To Resume IMF Talks

HK1009033093 Manila BUSINESS WORLD in English 10 Sep 93 p B-1

[Text] The government is still reluctant to resume discussions with the International Monetary Fund on a three-year successor economic program, despite improvement in the economic picture, Finance Secretary Ernest Leung said yesterday. Without an economic program-sponsored by the Fund, the country posted a 3.5 percent economic growth in terms of the gross national product in the second quarter of the year.

Economic resurgence has been enhanced by the stable inflation rate, which continued to be at a single digit level—even declining to 7.0 percent in August from the previous month's 7.1 percent. The international lending community as a result has begun to look at the country with more respect, Leung said, but hastened to add that the Philippines still needs to address its financial position. "The creditors are beginning to appreciate that the government is handling its financial management well."

However, efforts to strengthen the government's fiscal position seemed to be going nowhere as the summit held Wednesday showed that only three of the battery of tax measures presented for approval by Congress would pass the scrutiny. The working committee tasked to draw up the measures that would address the fiscal gap only endorsed three legislative measures, namely, refinements in value added tax, increase in the dividend from government-owned and controlled corporations and documentary stamp tax. "The legislative will look into selected tax measures," the working group said.

The resumption of the discussion for a new economic program with the Fund has been derailed due to the weak fiscal position of the national government. Meanwhile, Leung said he was still hopeful that the government can proceed with the holding of the third pledging session for the Philippine Assistance Program [PAP] in November. "We are not ruling out things," Leung said when asked by reporters if it is still possible that the PAP pledging session to be held tentatively in Paris would push through. He indicated thought that "nothing is definite" to the query of when will the government set the exact date for the holding of the session.

Envoy Pledges To Continue Support

HK1509035293 Manila BUSINESS WORLD in English 15 Sep 93 p 2

[Text] Despite the newly democratized nations in Eastern Europe competing for international funds, the International Monetary Fund [IMF] will still look at the financing requirements of the Philippines with equal diligence. This is the policy guideline which the new IMF senior representative Howard Handy will uphold during its two-year assignment in the country.

In his first press briefing yesterday afternoon, Mr Handy said the IMF will remain "supportive of its member countries whose programs will be done within the constraint of the policies laid down by the (IMF) Executive Board. And Philippines is no exception." At present, a total of 180 countries have joined IMF, with the 13 former Russian republics among the new members to be included last year.

He added that with the increase in the capital base last year, the Fund will have a more aggressive lending program in coming years. "The array of financial facilities will give us more flexibility in our lending portfolio," he added. However, he refused to go into specifies of the funding program which the Philippine Government is seeking with the Fund after the standby agreement lapsed last March.

The next program is expected to include a $600-to $800-million financing in the next three years. The conclusion of the program has hit a snag after two rounds of talks with the Fund mission last February and April. "As a general principle, the Fund is always ready to listen and is always ready to conduct constructive dialogues with the Philippines," Mr Handy stated briefly regarding the pending IMF program. He was also tight-lipped on the agenda of the entourage of government officials attending the Fund annual meeting at the end of the month in Washington.

Aside from program lending, Mr Handy pointed out the proposal of new allocation of Special Drawing Rights (SDR) will help developing countries, like the Philippines, to build up international reserves. "An SDR allocation would allow developing countries and countries in transition to reach more adequate international reserve levels without additional recourse to expensive borrowing or the compression of domestic demand and net imports, which is inimical to their growth and transformation efforts. It would...also reduce the risk of set backs in these efforts, which could have adverse spillover effects on the world economy," an IMF background information sheet explained the program. The program is expected to be taken up at the end of the month.

Ramos Certifies Eight Revenue Bills as Urgent

HK1609042093 Manila THE MANILA CHRONICLE in English 16 Sep 93 p 3

[Text] President Ramos yesterday certified eight House and Senate revenue bills as priority administration measures. The President sent separate letters of certification to Senate President Edgardo Angara and Speaker Jose de Venecia during the regular meeting in Malacanang of the Legislative-Executive Committee on Revenue Mobilization.

These bills were among those taken up during the August 20 Legislative-Executive Summit at the Manila Hotel and the September 8 People's Economic Summit at the Philippine International Convention Center.

The bills certified by the President are:

1. Senate Bill [S.B.] No. 1329 and House Bill [H.B.] No. 10696, entitled "An Act Amending Republic Act 7091, entitled An Act Extending the Life of the Committee on Privatization and the Asset Privatization Trust."

2. S.B. No. 1168 and H.B. 5204, entitled "An Act Requiring All Government-Owned or -Controlled Corporations to Declare Cash Dividends Under Certain Conditions to the National Government."

3. S.B. No. 835 and H.B. No. 3191, entitled "An Act Amending Certain Sections of R.A. 6957," which authorize the financing, construction, operation and maintenance of infrastructure projects by the private sector.

4. S.B. No. 814, entitled "An Act Repealing LOI [Letter of Instructions] 58 Dated February 22, 1973 and LOI 790 Dated January 6, 1976" (On exportation of bananas); and H.B. 8076, "An Act Abolishing the Limitation on the Number of Hectarage to be Planted with Export Bananas."

5. S.B. No. 423 and H.B. No. 246, entitled "An Act To Promote The Exploration, Development and Production of Geothermal Resources."

6. H.B. No. 203 entitled "An Act Further Amending Section 201 of the Tariff and Customs Code of the Philippines, as amended, Changing the Basis of the Cost Component of the Current Cost, Insurance and Freight System of Valuing Imported Articles."

7. H.B. 5763 entitled "An Act Exempting Banks, Non-Bank Financial Intermediaries, and Financial Companies From Payment of Percentage Tax on Gross Receipts," thereby repealing paragraph (A) of Section 119 and Section 120, respectively of Title 5 of Presidential Decree [PD] No. 119, as amended, otherwise known as the National Internal Revenue Code, as amended.

8. H.B. No. 9209 entitled "An Act Amending Certain Provisions of PD 1752" on the subject of mandatory contribution to the Pag-Ibig Fund.

Filipino-Chinese Tycoons Form P2 Billion Firm

HK1609035893 Manila BUSINESS WORLD in English 16 Sep 93 p 1

[Report by Tina O. Young]

[Text] Six of the country's biggest business tycoons have banded together to form a P2-billion [Philippine pesos] company called Asia's Emerging Dragon Corp. The six tycoons are Shoe Mart top honcho Henry Sy, real estate developer Andrew Gotianum, tobacco magnate Lucio Tan, industrialist John Gokongwei, banker George S.K. Ty, and insurance and banking giant Alfonso T. Yuchengco. Each put in P25 million for a total paid-up capital of P150 million.

To recall, the six accompanied the trip to China of President Ramos. It was the President who asked the six taipans to get together and invest in common ventures needed for the country's development. He said, "Instead of them trying to compete cut-throat style, perhaps they could put their capabilities together and show an example of unity and patriotism." In immediate response to the President's prodding, the six businessmen promised to chip in P100 million each to the proposed consortium. Mr Gokongwei acknowledged that without the president's initiative, the formation of the consortium would not have pushed through.

The primary concerns of the planned company were to be in power, transport, telecommunications, infrastructure, and tourism, said Mr Ramos during the China trip. But recent moves by the government against Mr. Tan had put the formation of the consortium in doubt. The Bureau of Internal Revenue (BIR) recently handed Mr. Tan's companies a bill for P7.1 billion in unpaid taxes for 1992 alone.

Recent reports—later denied by Malacanang—also said several other taipans were under investigation by the BIR, also for unpaid taxes. Mr. Sy's name had been singled out as the next target.

The new company was registered yesterday via the Securities and Exchange Commission's (SEC) express lane. Documents in the SEC showed that Emerging Dragon will engage in general construction and other allied businesses. These business include "constructing, enlarging, repairing, removing, developing, or otherwise engaging in any work upon buildings, roads, highways, manufacturing plants, bridges, airfields, piers, docks, mine shafts, waterworks, railroads, and railway structures."

Earlier, Mr. Tan was quoted as saying the consortium planned to build four 300-megawatt, coal-fired power plants in Pangasinan. The consortium will also upgrade the facilities of the Ninoy Aquino International Airport and construct a highway from Manila to the Subic industrial and commercial complex, he said.

New Police Revamp To Affect Top Officials

HK1409064693 Quezon City MALAYA in English 14 Sep 93 p 2

[Report by Joy Gruta]

[Text] Eleven regional command directors and chiefs of major operating and support units of the Philippine National Police (PNP) will be affected by a revamp to take effect on September 17. Director General Umberto Rodriguez, PNP chief, announced the revamp yesterday but refused to identify the top police officials to be removed.

However, Camp Crame sources disclosed that those who will be replaced include seven regional directors, the commanders of three national support units and a director of a district command in metro Manila.

Rodriguez said PNP officials who face relief are "those who failed to measure up to our expectations" especially in the implementation of Oplan Paglalansag [Operation Plan Dismantling], the PNP plan for the dismantling of private armies, and Complan Pagbabago [Command Plan Turning a New Leaf], the DILG [Department of Interior and Local Government] campaign to weed the organization of misfits and scalawags.

"Regional commanders who failed to curb illegal gambling, illegal logging and illegal fishing in their respective areas also face possible relief," Rodriguez said. "We are still evaluating the performance of all regional directors and commanding generals of PNP support units. We are specifically eyeing the relief of non-performers," Rodriguez said adding that PNP command is still coordinating with DILG Secretary Rafael Alunan III regarding the final list of new unit commanders.

"As we complete the evaluation of each commander, then we decide on their replacements," he added.

Camp Crame sources, who requested anonymity, said the PNP commands affected by the latest reshuffle include Recoms 1 [Regional Commands] (Ilocos), 3 (Central Luzon), 4 (Southern Tagalog), 7 (Central Visayas), 8 (Eastern Visayas), 12 (Central Mindanao) and the National Capital Region and the Western Police District Command. Other units affected by the revamp are the Criminal Investigation Service Command [CISC], Narcotics Command and Intelligence Command, the sources said.

Sources noted that the looming replacement of Chief Superintendent Angel Quizon, CISC director, and Chief Superintendent Manuel Salimbangon, Recom 4 director, may have something to do with their "below par" performance in the handling of the Calauan double murder case.

NEDA Approves Five Major Projects

HK1609045193 Manila MANILA BULLETIN in English 16 Sep 93 p B-1

[Text] Five development projects worth P10.5 billion [Philippine pesos] in the areas of infrastructure, services, telecommunication, and education have been approved by the National Economic and Development Authority (NEDA) Board chaired by President Ramos.

Water services in Metro Manila are expected to improve with the Balara water treatment plan rehabilitation project, the first project approved. Socioeconomic Planning Secretary and NEDA director-general Cielito F. Habito said the Balara project involves the immediate replacement of worn-out equipment of the plant, improvement of its water quality control process, maintenance procedures, and repair of its existing structural defects. It has a total cost of P1.0 billion .

The second project approved is the P2.8-billion modernization of the fire-fighting equipment of the City of Manila. Habito explained that this project aims to upgrade the fire-fighting fleet of Manila so that fire outbreaks in the city and other parts of Metro Manila can be immediately and effectively controlled. Specifically, it involves the acquisition of 60 new fire trucks, 1,200 protective gears, and a communications and mapping system.

The third project is Phase II of the modernization and expansion program of the Misamis-Oriental Telephone (MISORTEL) Co. This project will involve putting up of an additional 8,450 telephone subscriber lines and will cost P344.65 million.

The fourth project is the North Luzon Tollway and Related Roads Build-Operate-Transfer (BOT) Project which has a total cost of P5.7 billion. With the BOT scheme, the project will tap the private sector for the improvement and widening of the North Luzon Expressway, construction of the Calumpit-Lubao Road, improvement of the Pulilan-Calumpit Road, and construction of the C-5 expressway from Commonwealth avenue to Letre Road.

The fifth approved project is the reprogramming of the Asian Development Bank (ADB) loan balance under the secondary education development project (SEDP). Habito said that the balance of the ADB loan shall be reallocated for the procurement of laboratory equipment for 1,046 high schools which were not originally included in the SEDP. Implementation of this project will require P641.13 million.

The NEDA board also approved the [United States'] PL 480 Title I program. This involves the sale of $20 million worth of soybean meal, the proceeds from which shall be used to finance the following livestock projects of the Department of Agriculture (DA); Multi-Livestock Dispersal Loan Program; Livestock Upgrading Project; and Dairy Industry Development Project.

The multi-livestock dispersal loan program involves the purchase of livestock to be lent to some 368 farmers' cooperatives. It will require $10 million in funding. The livestock upgrading project involves the rehabilitation of selected livestock production centers and will need a financing of $60 million.

Finally, the dairy industry development project involves the establishment of a nucleus of dairy farms, a processing plant, and a feedmill. Its funding requirements amount to $4.0 million.

Belgian Police Join Hunt for Sex Syndicate Members

HK1509032993 Manila MANILA STANDARD in English 15 Sep 93 p 4

[Text] A two-man team from the Belgian police force is now in the country to coordinate with law enforcement authorities in the manhunt of leaders of an international sex trafficking syndicate behind the recruitment of Filipino women who ended up as prostitutes in Belgium. The Belgian police officers were dispatched to Manila following reports that sex ring leaders, including Belgian nationals, had fled to the Philippines to escape the intensified crackdown on prostitution in Belgium.

Senator Ernesto Herrera, chairman of the Senate committee on labor end employment, said the Belgian policemen have already conferred with Vice President Joseph Estrada, chairman of the Presidential Anti-Crime Commission and Director Epimaco Velasco of the National Bureau of Investigation.

Herrera said most of the victims of the syndicate were made to believe that they would work in Belgium as maids or workers in hotels and factories only to find out that they would be sold as sex slaves. He said the International Police (Interpol) has already stepped into the case following reports that the syndicate is also supplying women to brothels in Thailand, Malaysia and even South America.

At a public hearing of the Senate finance subcommittee II, Labor Secretary Nieves Confesor admitted that the Department of Labor and Employment (DOLE) is virtually helpless in extending protection to women who are forced into prostitution abroad if their recruiters are not accredited with the Philippine Overseas Employment Administration [POEA]. However, Sen. Ernesto Maceda said the DOLE and POEA cannot escape responsibility from going after illegal recruiters who are behind the lucrative flesh trade.

Maceda said if labor officials will work hard enough, they will be able to identify and jail these illegal recruiters. He warned that the Senate will be hesitant to approve a proposed increase in the budget of DOLE next year if it fails in combatting illegal recruitment. "DOLE is obviously losing the flight against illegal recruitment. What is reprehensible is that DOLE got a P400 million [Philippine pesos] or 35 percent increase in its budget this year so they can't claim we have not supported them," Maceda said. According to Maceda, DOLE has a P1.3 billion budget for 1993.

During the hearing, Secretary Confesor told the senators that many Filipinas have also been lured into prostitution in Saipan, a US trust territory in the Pacific. She said the Filipina prostitutes have been recruited by Japanese gangsters who are wanted by authorities and who have sought refuge in Saipan.

Thailand

Government Welcomes Israeli-PLO Peace Agreement

BK1409121193 Bangkok Voice of Free Asia in Thai 1030 GMT 14 Sep 93

[Text] The Thai Government is pleased to learn that the Middle East peace talks, which Thailand has always supported, have led to the signing of an initial agreement between Israel and the PLO. It hopes that this agreement will be an important factor in accelerating the comprehensive peace process and finding an agreement acceptable to all parties.

Thailand acclaims all the parties concerned and their endeavors for the effective implementation of the agreement, and appeals for support from all parties for the sake of permanent peace and prosperity in the Middle East. Thailand will closely follow connected developments and fully support all actions to bring about peace in the Middle East.

Foreign Minister Congratulates All

BK1409033393 Bangkok Radio Thailand Network in English 0000 GMT 14 Sep 93

[Text] Foreign Minister Prasong Sunsiri congratulates all involved and responsible for Israeli-Palestinian peace agreement signed yesterday [13 September] in Washington. He says Thailand welcomes the agreement as peace has always been Thailand's quest. Both Israel and Palestine Liberation Organization (PLO) have established links with Thailand. Israel has long maintained diplomatic relations and friendly ties with Thailand. Talks have been held about Israel's El Al Airlines flying directly to Bangkok. At the same time, PLO will be establishing a representative office in Bangkok soon.

Embassy in Washington To Lobby Against Tobacco Law

BK1109075493 Bangkok Radio Thailand Network in English 0000 GMT 11 Sep 93

[Text] The Thai Embassy in Washington D.C has been instructed to collect information and seek ways to ease damage to Thai farmers caused by a new U.S. law which restricts import of tobacco leaves. According to the Ministry of Foreign Affairs, the new U.S. law imposes higher import duty on tobacco leaves. It will take effect next year.

Thailand and other tobacco leaf-exporting countries such as Argentina, India, European Community, and several countries in Latin America have joined forces in protesting the law.

The Ministry of Foreign Affairs has also instructed the Thai Embassy in Washington D.C. and lobbyists to lobby U.S. authorities to reduce the import duty on tobacco leaves and, if possible, to scrap the law.

The Thai permanent representative in Geneva will join other countries in protesting the U.S. law in the GATT meeing.

Bangkok Seeks Renewed GSP Privileges on Products

BK1109022593 Bangkok BANGKOK POST in English 11 Sep 93 p 24

[Text] Thailand will ask the United States to restore the Generalised System of Preferential (GSP) tariff exemptions for 16 products for which privileges were withdrawn in 1989 because of a lack of intellectual property protection in Thailand.

A Government House source said Deputy Prime Minister Suphachai Phanitchaphak was asking for the change. The issue would soon be submitted to the International Economic Relations Committee.

The source said these 16 products had been taken off the GSP list since January 19, 1989 when the US claimed that Thailand did not extend enough protection to intellectual property with resulting damage to US industries.

The products included silver ornaments, kitchen wooden furniture, ceramic tiles, artificial flowers, wooden benches with or without pads and some ornaments made from metal.

The US importers had to pay about US$23 million (about 575 million baht) each year as additional costs after the GSP privileges were removed. However, the value of exports to the US increased after the privileges were lifted. The exports of the 16 products were worth US$273 million, $291 million and $356 million in 1990, 1991 and 1992 respectively.

He said exports were expected to increase in value each year if Thailand had the privileges restored.

Prasong on Burmese Inclusion in ASEAN

BK1609024993 Bangkok THE NATION in English 16 Sep 93 p A4

[Text] Thailand will invite Burma to apply for observer status to the Association of Southeast Asian Nations (Asean), Foreign Minister Prasong Sunsiri said yesterday.

Daily Urges Democracy, No Deals With SLORC

BK1609032793 Bangkok THE NATION in English 16 Sep 93 p A6

[Editorial: "Thailand must not make any deals with Slorc"]

[Text] Imagine for a moment that Thailand was living under a severely repressive military dictatorship. Now imagine that a big foreign power came in and signed all kinds of deals with this undemocratic government to exploit our resources. Imagine they cut down our forests and took the timber; ran fishing trawlers through our seas pumped our gas out of the Gulf and sent it to their country through a long pipeline; built huge dams on our rivers and took not only the electricity but even the water.

Extend this scenario a bit and imagine that all the money for these contracts went into the hands of the dictators.

This is what Thailand is planning to do to Burma.

There is a name for this: neocolonialism. We don't call it that, of course, we call it "constructive engagement". But colonialism by any other name is just as odious.

Today, Foreign Minister Prasong Sunsiri will go to Burma to hold talks with that country's ruling military dictators, the State Law and Order Restoration Council (Slorc). At the top of his agenda are negotiations concerning a pipeline deal to pump gas from Burma's Gulf of Martaban into Thailand.

Prasong may also discuss importing gas from the even more promising Yettagun gas fields off southern Burma (operated by Texaco, Premier Oil and Nippon Oil), near Ranong. Other items on the table could include Thai logging concessions in Burmese forests, Thai fishing concessions in Burmese waters and future plans to build dams on the Salween and Moei Rivers, all for the benefit of Thailand.

During last year's election campaign, Prasong promised to review Thailand's policy of constructive engagement with Burma and put more emphasis on human rights. Apparently, that promise has now been shelved. And, with Prasong winging off to Rangoon to make deals with Slorc, Prime Minister Chuan Likphai's focus on human rights is looking more and more like a farce.

The distant hope of Slorc apologists—very distant—is that Burma will go the way of Indonesia. Following a period of chaos in the mid-1960s, President Suharto has wisely parlayed that country's oil wealth into broad-based development, while keeping any democratic aspirations among the people firmly in check.

But the comparison fails. Ne Win is no Suharto. Burma's military supremo has been in power for 30 years now (he is still reckoned to be pulling the strings there), and neither he nor Slorc have ever inspired much confidence. Furthermore, Indonesia in the 1960s had no democratic alternative, as Burma now does. But Thailand appears ready to sell out Aung San Suu Kyi and her democratically inclined followers.

If Prasong has any self-respect, he'll at least come back with some concrete human rights concessions (not just empty promises) in exchange for the money Thailand is about to hand Burma. The freeing of Suu Kyi would not be too much to ask.

For a pipeline deal could well be the final blow to Burma's prodemocracy movement. Thailand is already putting pressure on the Mon rebels to make peace with Slorc so that the pipeline can be built through Kanchanaburi without any security threats. A similar heavy hand could be in store for the Karen rebels further north if the dams being planned there come through.

Thailand has been playing off the rebels and the Burmese government in order to get its logging concessions. But this has only whetted the appetite of the Thai government and industrial leaders. They are so hungry for our neighbour's resources that they appear willing to overlook the security implications of the upcoming deals.

Slorc has already proven unreliable concerning the logging concessions, wanting to make new terms in mid-contract. And yet Thailand seems ready to risk a huge investment in infrastructure that would give Burma even more control over us. Total, the French oil company which has ignored international opinion by investing in Burma, is operating the Martaban Field, but Thailand may take 30 per cent ownership. The pipeline alone will cost Bt50-75 billion and the combined-cycle generating plant needed to burn the fuel may cost Bt100 billion more.

Even if Slorc doesn't decide at some point to turn off the spigot in order to gain leverage over Thailand, there's no assurance that rebels would yield to Thai pressure and avoid taking out a target as vulnerable as a gas pipeline. As for a dam on the Salween, it would split Karen territory in half, something Karen rebels are unlikely to accept. Threats have already been made to blow it up.

It's true we need gas, electricity and water, but we also need our security, and our self-respect. Thailand should not make any more deals with Slorc until it makes concrete moves toward democracy.

NSC Chief Denies Thai Pressure on Mon Rebels

BK1109044593 Bangkok BANGKOK POST in English 11 Sep 93 p 6

[Text] National Security Council [NSC] chief Charan Kunlawanit yesterday denied reports Thailand was putting pressure on Mon minority groups to open peace talks with the Burmese Government.

Gen Charan's denial follows a report that Bangkok was pushing a Mon group living on the border into negotiating a peace with Rangoon so an overland gas pipeline could be laid from Burma to Kanchanaburi.

The NSC secretary-general said Thailand had a standing policy not to interfere with its neighbours' affairs and considered the problem between the Burmese minorities and Rangoon as an internal problem for Burma.

The news Thailand was applying pressure on the Mon to begin peace talks with Rangoon could have stemmed from a misunderstanding, he said, but did not elaborate.

Gen Charan said Thailand considered all minority groups in Burma as Burmese citizens.

Bangkok provides humanitarian aid for those who have escaped fighting inside Burma to take refuge in Thailand but those who worked here illegally will be dealt with as illegal immigrants and made subject to deportation, he said.

Government sources said yesterday none of the more than 10,000 Mon refugees, mostly at the Loe Loe campsite about 40 kilometres south of Three Pagoda Pass in Sangkhla Buri District, Kanchanaburi, would be deported, but they would be relocated nearer to the Burmese border.

The relocation will be arranged on humanitarian grounds, they said.

The chairman of the Mon National Relief Committee, Nai Tin Aung has praised Thailand for not deporting his compatriots but said their lives would be endangered if they were moved closer to the border.

Chuan, Japanese Minister View Labor, Burma

BK1609023593 Bangkok THE NATION in English 16 Sep 93 p A4

[Text] Japanese Foreign Minister Tsutomu Hata met Prime Minister Chuan Likphai at Government House yesterday where he reaffirmed positive bilateral relations between the two countries.

He also reiterated the importance of broadening cooperative efforts in the reconstruction of Cambodia, a Japanese Embassy spokesman said.

Thailand and Japan's long standing friendship should not be dampened by present labour-export problems facing Thailand, Counsellor Akira Nakajima said during a news briefing yesterday.

Nakajima said Chuan had raised the issue of illegal Thai labourers in Japan and Thailand's effort to resolve the problems involved. He said Chuan asked for Japan's assistance and cooperation to belp resolve the issue.

Chuan told Hata that Interior Ministry officials had organized campaigns to try to discourage workers from going to Japan illegally. Hata replied that Hosokawa's government was aware of the problem and believed that it could be solved through mutual cooperation, the spokesman said.

Thailand's objectives on labour export, as stated in the Fifth National Economic and Social Development Plan, include helping to solve unemployment in Thailand while increasing foreign exchange earnings by promoting the export of Thai labour.

Japan is one of the main destinations for Thai workers but Japanese regulations limit unskilled labours [as published], accepting only 13 categories of skilled workers and professionals ranging from engineers, lawyers and physicians to researchers and artistic performers.

The spokesman said Hata also met Foreign Minister Prasong Sunsiri at a working breakfast yesterday. He said Hata told Prasong that Japan applauded Thailand's role in trying to bring peace and prosperity to the region, and that Japan is keen to help in the development of Indochina.

Hata said Prime Minister Hosokowa's Asia policy was in line with previous Japanese policy to focus on the development of Laos, Vietnam and Cambodia.

The spokesman said Hata expressed Japan's recognition of Thailand's concern in trying to contribute to the reconciliation of Cambodia's various factions. Hata said Thailand had made a large contribution in spite of the fact that its efforts were not always to its own benefit.

The spokesman said Thailand's positive role in Cambodia was reflected in the recent call for cooperation by the International Committee for the Reconstruction of Cambodia (ICORC). The ICORC meeting was held in the beginning of this month and will meet again next year.

He said that Hata's meetings with Chuan and Prasong yesterday also covered such topics as Japanese-Thai relations, political reforms in Japan and relations with Burma.

The spokesman said Prasong assured Hata that as Thailand is a democratic country, its government attaches great importance to human rights and would pursue constructive efforts to restore democracy to Burma

However, Prasong reportedly added that as Burma is governed by a military government, "exerting pressure on Myanmar (Burma) is of no use".

Hata agreed with Thailand that Burma should not be isolated but should be encouraged to participate in international activities.

Speaking to reporters after the meetings, both Prasong and the Japanese Embassy official said Japan supported Thailand's policy of "constructive engagement" or refraining from keeping Burma in isolation.

This is also the line which has been adopted by Thailand's partners in the Association of Southeast Asian Nations (Asean)—Brunei, Indonesia, Malaysia, the Philippines and Singapore—in sharp contrast with strong Western condemnations of Rangoon's junta for its human rights violations.

"Japan and Myanmar could cooperate, so that Myanmar opens up as soon as possible," the Japanese official, who declined to be further identified, quoted Hata as telling Prasong.

Nakajima said that Thailand and Japan could work together to encourage Burma's leadership to open up to the outside world.

Thailand, as chairman of Asean's standing committee, has received support from other Asean members to invite Burma to participate in the ministerial meeting next year, to be hosted by Thailand.

The spokesman said Hata invited Chuan and Prasong to visit Japan sometime after April 1 next year.

Also yesterday, Government Spokesman Aphisit Wetchachiwa, referring to the impending end of grants from Japan, said: "We are moving towards an era whereby the relationship is changing from one of donor-recipient to one more of partners."

'High-Powered' Economic Talks With Japan Previewed

BK1609044593 Bangkok BANGKOK POST in English 16 Sep 93 p 7

[Text] Thailand and Japan agreed yesterday to hold talks on economic issues in Bangkok on October 19-20 to strengthen trade ties.

The date of the economic consultative meeting was set during talks between Japanese Foreign Minister Tsutomu Hata and Prime Minister Chuan Likphai and Foreign Minister Prasong Sunsiri during separate meetings.

Sqn Ldr [Squadron Leader] Prasong told a press conference after Mr Hata met the Premier at Government House that the meeting to be chaired by Thai and Japanese deputy foreign ministers will be an opportunity for both countries to discuss economic relations and cooperation.

Japanese Embassy sources said the forum was important for both countries to address bilateral economic matters.

One source described the upcoming meeting as "the most high-powered and comprehensive talks between the two countries."

Issues to be consulted include trade, investment and economic aid cooperation, the source added.

Premier Chuan expressed hope that the policy of the new Japanese Government to stimulate domestic demands would improve trade ties between the two countries as Japan is Thailand's largest trading partner with the trade imbalance in favour of Japan, Sqn Ldr Prasong said.

The controversial expressway conflict, however, was not brought up during the talks between the Premier and the visiting Japanese minister, according to Sqn Ldr Prasong.

Both sides also expressed satisfaction about current political and economic relations, he added.

Mr Chuan also agreed in principle to visit Japan officially in the next Japanese fiscal year, Sqn Ldr Prasong said. The visit might take place in April at the earliest as Japan's fiscal year begins on April 1, one Japanese Embassy source added.

Japanese Loan To Fund Environmental Projects

BK1509022993 Bangkok BANGKOK POST in English 15 Sep 93 p 26

[Text] The Cabinet yesterday approved a proposal to borrow another Japanese Official Development Assistance loan worth about 24,364 million baht, with most of the funds being used for environmental projects.

The 18th Yen Loan brings the accumulated amount of soft loans from Japan to 280.4 billion baht.

The loan has a 25-year repayment period including a grace period of seven years, with an interest rate of 3 percent.

There are no conditions on procurement—goods and services purchased with the funds may be procured from any country, including Thailand.

The Finance Ministry had originally asked for the loans to support electrical management projects of the Electricity Generating Authority of Thailand and various development projects of other government agencies.

The 12 projects to be financed by this loan mainly involve environmental improvement and rural development.

The projects include: a fuel gas desulfurisation plant for the Mae Moh Power Plant; water-supply expansion programmes in three southern provincial cities; an environmental fund project; promotion of efficient electrical use; a transmission system and substation development project; a rural long-distance telephone project.

Prasong Hints at Tough Measures Against KR

BK1609022193 Bangkok THE NATION in English 16 Sep 93 p A1

[Text] Foreign Minister Prasong Sunsiri hinted yesterday that Thailand could take tough action against the Khmer Rouge [KR] if the Maoist group continues its military actions after Cambodia's permanent government is in place.

Prasong also said Bangkok would fully support the permanent and legal government of Cambodia, but did not deny that contacts would be maintained with the Khmer Rouge for the sake of achieving national reconciliation in Cambodia.

Prasong's unusually strong statement on the Khmer Rouge came as Cambodia's Constituent Assembly is expected to pass the new constitution which will give the radical communist group no important executive power, other than an advisory role, in the government when it is formed later this month.

The provisions in the constitution, however, allowed for further negotiation on power sharing among the four main factions in the administration and the national army.

Also at this time, the armies of the former Phnom Penh government, the royalist Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and the former Khmer People's National Liberation Front—united under the interim government—escalated joint military operation against the Khmer Rouge.

"After the establishment of the permanent government in Cambodia, if Khmer Rouge has no part ... and continues to take arms, this is a juncture at which you will see what policy the government will take against the group considered as outlawed," Prasong said during a talk at the Foreign Correspondent's Club.

He refused to say what those measures would be, but the leaders of the interim government of Cambodia during their recent visit here called for Thailand's cooperation in handing over Khmer Rouge guerrillas to the government.

"We will provide the new administration with every support properly due to a lawful government. We will also continue to support all work towards national reconstruction, which we see as the path of salvation for the whole Cambodian nation," said Prasong, who devoted a quarter of his speech to clarifying Thailand's policy on Cambodia.

"Meanwhile, we cannot rule out contacts with any party in Cambodia, if it should be deemed necessary in helping to promote the cause of peace and national reconciliation within Cambodia," he said.

Thailand has been heavily criticized for the special ties that the Thai military has with the Khmer Rouge. Recently, UN peacekeepers in Cambodia alleged Thailand was aiding the Khmer Rouge to overrun a Phnom Penh base at Chong Arnma, opposite Ubon Ratchathani and Kao Pra Vihear Temple, opposite Surin province.

The Khmer Rouge, which refused to stand in the historic May election and missed out on the drafting of the constitution, is using violent tactics to gain an edge in negotiations on power sharing which are expected to take place next month in Phnom Penh.

It is demanding a five per cent share of control of the new administration, 15 per cent of cabinet posts and 20 per cent control over the national army.

Prasong yesterday denied Thailand had special ties with the Khmer Rouge. He said it had dealt with all four warring factions, including the Khmer Rouge, all along.

Social Action Party Ousted From Coalition

Chuan Holds Meeting Prior to Decision

BK1409130593 Bangkok Army Television Channel 5 in Thai 1200 GMT 14 Sep 93

[Excerpts] Prime Minister Chuan Likphai held a consultative meeting with Montri Phongphanit, leader of the Social Action Party [SAP]; Niphon Phromphan, deputy secretary general of the Democrat Party; Somsak Thepsuthin, SAP deputy secretrary general; and Thawat Wichaidit, secretary general to the prime minister at Phitsanulok House today. It was assumed that the meeting, which lasted more than one hour, discussed the merger of the SAP with the opposition parties before the prime minister decides whether or not the SAP should continue to be in the coalition.

After the meeting, the prime minister refused to answer reporters' questions and proceeded to have an audience with His Majesty the King. Earlier, the prime minister said that he will announce his decision before noon tomorrow. [passage omitted]

The SAP officially informed its members that the prime minister had decided to dismiss the party from the coalition government.

Rakkiat Sukthana, SAP deputy leader, said that the party has learned about the readjustment of the government and the inclusion of Seritham Party in the coalition. Meanwhile, the SAP, he said, agreed with the prime minister's decision and is willing to do the duty of an opposition party. During its alliance with the coalition in the last year, the SAP, he noted, had been trying its best, up to the last minute, to perform its duty. He quoted the prime minister as saying the decision to dismiss his party from the coalition was jointly made by the other coalition parties during a meeting.

SAP Expelled From Coalition

BK1509060593 Bangkok THE NATION in English 15 Sep 93 p 1

[Text] Prime Minister Chuan Likphai told the Social Action Party yesterday it was no longer in the coalition.

Government leaders meanwhile tried to wrap up talks with the opposition Seritham Party which has been invited to join the Cabinet.

Chuan called SAP leader Montri Phongphanit to his Ban Phitsanulok residence yesterday to tell him of a resolution by the four other coalition allies to expel Social Action.

During the hour-long meeting, Montree refused voluntarily to pull SAP out of the coalition, telling Chuan his party would continue to support the govemment.

After Montri's meeting with Chuan, deputy SAP leader Rakkiat Sukthana declared that his party was expecting a Royal command dropping SAP from the government.

"After a Royal command is handed down, SAP will assume the role of an opposition party," Rakkiat said.

Chuan told reporters he would clarify the government's decision before noon today. He declined to comment on an imminent reshuffle that would include Seritham in his Cabinet.

"I have been in touch with Montree myself and I hope to clarify everything concerning Social Action before noon tomorrow," Chuan said. "But other issues, such as the inclusion of Seritham or the Labour Ministry, are not concluded yet."

Sources said that before his meeting with Montree, Chuan asked four SAP Cabinet members—Deputy Interior Minister- Chaowat Sutlapha, Justice Minister Suwit Khunkitti, Deputy Public Health Minister Rakkiat Sukthana, and Deputy Communications Minister Somsak Thepsuthin—voluntarily to quit.

They refused, according to the sources. Another SAP Cabinet member Public Health Minister Bunphan Khaewatthana, was not present.

SAP's ouster and Seritham's inclusion will reduce the govemment's majority in Parliament from 206 to 193 MPs.

Seritham leader Athit Urairat, who is in the United States, is expected to return to Thailand tomorrow to finalize an agreement to join the Chuan Cabinet, Seritham spokesman Phinit Charusombat said.

Athit is tipped to become health minister, succeeding SAP's Bunphan, pro-government politicians said yesterday. Phinit is expected to be appointed a deputy minister in one of the ministries.

Seritham MP Suphot Tangtrakunthai visited Bunphan at the Public Health Ministry yesterday for "private talks".

"SAP has congratulated us," Supot told reporters. "Bunphan said the SAP leader was glad to hear the news of Seritham being approached. I told him so were we."

Suphot said he expected Athit to accept the post of public health minister.

The quota for the three other Cabinet seats to be left vacant by SAP's expulsion will be shared among the Democrat, New Aspiration and Phalang Tham parties.

Deputy Communications Minister Sawai Phatthano (Democrat) will likely become justice minister, replacing SAP's Suwit. Akhom Engchuan (Democrat), deputy secretary-general to the prime minister, is expected to succeed Sawai.

The New Aspiration Party sprang a surprise yesterday by announcing veteran politician Wira Musikaphong, banned from politics for five years following his conviction for lese majeste, will become Thailand's first labour minister.

The party was earlier awarded the new labour portfolio but would have had to sacrifice one of its existing Cabinet seats had SAP remained with the government.

It was earlier speculated that New Aspiration's Deputy Commerce Minister Phaithun Kaeothong would be named to the labour portfolio.

Udon Tantisunthon, an executive of the Phalang Tham Party, will also become a deputy minister with SAP's ouster, party sources said.

Yesterday afternoon, Democrat secretary-general Sanan Khachonprasat met fellow party member Phinit at a restaurant on Rama VI Road for about half an hour. After the meeting, Sanan told reporters he confirmed with Pinit the government's invitation for Seritham to join the Cabinet.

Both sides gave no conditions on Seritham's Cabinet quota, Sanan said.

"I have been in touch with [Seritham leader] Athit for two months. The Seritham Party considers this government to be quite good," Sanan said.

Asked if Pinit made any demands, the Democrat executive said: "No. We will leave it up to the prime minister. Our invitation already means the party will get some Cabinet positions."

Sanan said the government did not mind the fact that Seritham had less than half the number of MPs as SAP, which has 21.

"Although Seritham has only eight MPs, it can make the government stable if its inclusion can create unity within the coalition," the industry minister said.

Yesterday's development followed a controversial decision by SAP to merge with four opposition parties to create what would be the biggest political camp.

Although SAP insisted that the postmerger party would support the government, the unprecedented move angered SAP's four coalition allies and was widely considered to be a thinly-veiled attempt to force Chuan to dissolve the House of Representatives.

The merger pact has stirred strong dissent within the parties involved. The odd alliance appeared even shakier yesterday when the opposition Chat Phatthana Party, the biggest camp in the scheme, seemed to set new conditions for the merger.

Sanan yesterday declined to comment on SAP's future. "There's nothing left to talk about with that party. Just wait for the announcement of the royal command," he said, adding that the announcement was due last night.

There was no announcement as of press time.

Sources, meanwhile, said SAP leader Montri expressed disappointment with Chuan's decision to drop his party.

Prasong left for Rangoon yesterday to attend the inaugural two-day meeting of the Thai-Burmese Joint Commission.

"Now that nine of the 10 Southeast Asian nations have assumed their place at the table, we look forward to the day when Myanmar [Burma] will make the circle complete and be able to join us in this co-operative forum," Prasong said in a speech at the Foreign Correspondents' Club of Thailand.

Observer status to the six-nation organization has already been given to Papua New Guinea, Vietnam and Laos. Cambodia attended last month's Asean meeting as a guest.

In a question-answer session later however, Prasong, said it would largely be Burma's decision when and to what extent it joins Asean. Countries seeking observer status are required to accede to Asean's 1976 Bali Treaty of Amity and Co-operation in Southeast Asia.

Vietnam and Laos were invited as guests to the Asean meeting in 1991 before their accession to the treaty last year, and it seems likely Burma will follow this tradition by being invited as a guest to the Asean foreign ministers' meeting in Thailand next year, according to a well-informed source.

Prasong said all six Asean heads of government, including Malaysian Prime Minister Mahathir Mohamad, who was previously opposed to Burma's participation due to Rangoon's ill-treatment of ethnic Muslims, had agreed to the Thai proposal.

"If Burma is interested in joining Asean, I could consider and take further steps," said Prasong.

A Thai proposal to invite Burma to attend the Asean foreign ministers' meeting in Singapore in July, which had been endorsed by Rangoon, was dropped after an objection from Malaysia and only half-hearted support from the host country, which feared a surge of anti-Rangoon sentiment at the meeting which was also attended by Western nations hostile to the Rangoon government's domestic policies.

Asean dialogue countries only recently softened pressure on Asean to isolate Rangoon to force democratic change and instead accepted Asean's policy, championed by Thailand, of constructive engagement with Burma.

Prasong said visiting Japanese Foreign Minister Tsutomu Hata had expressed full support for the Asean policy. In addition to Japan, Asean's dialogue countries comprise South Korea, Australia, New Zealand, the United States, Canada and the European Community.

"So far, there have been encouraging signs that Myanmar has embarked on the right track towards democratic and economic reform, and it is in all our interests to offer incentives and encouragement rather than to attempt a policy of isolation that would only harm the people of that country," Prasong said.

He believed Burma was in the process of economic and democratic reform, but "the pace at which these reforms are taken is something Burmese leaders have to be comfortable with".

Burmese leaders were placing great emphasis on achieving national stability and security before turning to the question of democracy and human rights, he said.

Issues such as the release of Burmese opposition leader Aung Sann Suu Kyi from house detention were domestic affairs that Thailand could not interfere with, he said.

He said even though the Thai government was a child of the democratic process and adhered to the course of democracy and human rights, it was up to each government to decide how to handle its own domestic problems.

Anti-Rangoon groups have criticized Thailand's constructive engagement policy towards Burma as "the policy of destruction".

Prasong defended the policy, saying his visit to Burma was relevant to instil a spirit of greater co-operation in the region and eventually realize the transformation of Southeast Asia into a region of peace, stability and prosperity.

An ethnic Mon leader early this month claimed that Thailand had a secret deal with the Burmese junta to persuade his people, who are anti-Rangoon, to sign a peace pact with Rangoon to facilitate the construction of a gas pipeline linking Martabun Bay with Kanchanaburi Province, which would go through the Mon lands.

Prasong, meanwhile, denied any prior knowledge of the unannounced visit to Thailand of 1992 Nobel Peace Prize winner Rigoberta Menchu.

The minister said he had informed Rangoon of the Thai government's noninvolvement in the trip.

He also warned Menchu against any action which could cause trouble between Bangkok and Rangoon.

Last year Thailand hosted the visit of six Nobel laureates pressing for the release of Suu Kyi, which drew Rangoon's displeasure.

"I beg [Menchu to] please not use the capacity as a UN representative to do anything that will irritate Thailand," said Prasong.

Menchu arrived here yesterday under an arrangement with UN-related human rights agencies to examine the plight of indigenous people along the Thai-Burmese border.

She said she was also interested in the plight of Suu Kyi, who has been under house detention since 1989, following the brutal suppression of the democratic movement by the Rangoon's military Junta.

"I never thought you would do this," he was quoted as telling Chuan during their meeting at Ban Phitsanulok.

Royal Command Announced

BK1509123193 Bangkok Radio Thailand Network in Thai 1200 GMT 15 Sep 93

["Announcement on Dismissal of Cabinet Ministers"]

[Text] His royal signature Phumiphon Adunyadet.

His Majesty King Phumiphon Adunyadet has commanded that it be announced that per his appointment of Chuan Likphai as prime minister in accordance with the announcement dated 23 September 1992 and the appointment of cabinet ministers to administer the country in accordance with the announcement dated 29 September 1992, the prime minister has informed him that it is appropriate for certain ministers to be dismissed from their posts for the sake of suitability and bureaucratic benefits. Empowered by Article 171 of the Constitution, he commands that:

1. Somsak Thepsuthin, deputy communications minister, be dismissed from his cabinet post;

2. Chaowat Sutlapha, deputy interior minister, be dismissed from his cabinet post;

3. Suwit Khunkitti, justice minister, be dismissed from his cabinet post;

4. Bunphan Khaewatthana, public health minister, be dismissed from his cabinet post;

5. Rakkiat Sukthana, deputy public health minister, be dismissed from his cabinet post.

This is effective from this moment.

Announced on 15 September 1993, being the 48th year under the reign of the present king.

Countersigned by Chuan Likphai, prime minister.

Expulsion Deemed 'Fully Justified'

BK1609043393 Bangkok BANGKOK POST in English 16 Sep 93 p 4

[Editorial: "SAP's ouster is a blessing in disgusie"]

[Text] The expulsion of the Social Action Party (SAP) from the Government by Prime Minister Chuan Likphai is fully justified under all existing political norms and etiquette. It stems solely from the unbecoming conduct of the party which has brought the action upon itself.

An unwilling coalition partner and the odd man out from the beginning, the SAP's recent collaboration with four opposition parties to merge together under its own banner was the last straw. Anyone applying a modicum of common sense would find such a move intolerable and totally unacceptable, even though members of the party leadership later claimed that they remained loyal to the coalition alliance.

The Social Action Party's conduct, its unrepentant attitude and, worst of all, its refusal to leave the Government in a dignified manner represents the pinnacle of political indignity and impropriety and runs counter to all acceptable political behaviour. It has come as no surprise that SAP leader Montri Phongphanit has found comfort and comradeship among a handful of opposition leaders and supporters whose yearning for the power that goes with being inside the Government has not yet been fulfilled.

The much-publicised merger plan between these "birds of a feather" now appears to be falling apart like a house of cards. There is even the likelihood that it will be quite understandably scuttled by dissenting members of the Chat Phatthana Party. The political fiasco has nonetheless raised the question as to whether the schemer who pulls the strings from behind and his collaborators were really serious about the merger from the very beginning. Or whether ulterior motives lurk behind their self-proclaimed attempt to enhance the democratic system.

What is evident and important now is that the Government's strength in Parliament has been considerably undercut by the SAP's departure. If this is actually the objective of the merger conspiracy, the four opposition parties and their supporter could claim some success. The replacement of the SAP by the Seri Tham Party is certain to bring a collective sigh of relief within government circles because it will no longer have to worry about being stabbed in the back by renegade MPs as it did with the SAP when it was a part of the coalition alliance. Yet, the eight votes in the Parliament from Seri Tham cannot make up for the 21 votes lost with the switch of the SAP to the opposition side.

Caught in a potentially precarious situation with only a slim majority in Parliament, it is imperative that all five coalition partners work together in harmony and as one entity if they are to practise good government and be able to face challenges from the Opposition which are bound to become more formidable in the next parliamentary session. There will be no room for political infighting within or between parties. The childish, noisy squabbling over Cabinet portfolios as is now being witnessed within the New Aspiration Party is an embarrassment which must be put to an end before public confidence in the Government is further eroded.

The coalition alliance cannot afford to be complacent or to harbour the kind of self-destructive mutual suspicion that has been the case over the past 12 months. Prime Minister Chuan will also have to realise that while relying on consensus building among coalition parties for decision making may be relevant to the democratic process, it can be carried to an extreme and then interpreted as a sign of weakness and lack of leadership. A good leader must demonstrate strong leadership and this has yet to be shown by Mr Chuan.

The apparently bungled merger scheme has left the impression that the leaders of the opposition parties are little more than a bunch of political clowns whose lust for power is so great that they are willing to be led by the nose if that could help achieve their goal. On the darker side, however, the episode clearly showed that these men still do not understand what the role of the Opposition should be and may stop at nothing to fulfil their dream of assuming the opposite role which is to rule and govern.

Parliamentary democracy does not mean that every politician is free to do whatever he or she likes. There are rules, both written and unwritten, that have to be followed. And the Opposition's principal role is to act as a "check and balance" mechanism of the Government. That does not mean that the Opposition's sole task is to try to undermine or overthrow the Government by fair means or foul at any opportunity.

Vietnam

PRC Resumes Oil Exploration Off Spratly Islands

OW1609062193 Tokyo KYODO in English 0556 GMT 16 Sep 93

[Text] Hanoi, Sept. 16 KYODO—China has resumed exploring oil fields in waters claimed by Vietnam, a Vietnamese Foreign Ministry source said Thursday [16 September].

Accompanied by two armed helicopters, a Chinese exploration ship has been sailing in the Gulf of Tonkin since late August, the source said.

The exact location of the ship was unknown but the source said it is nearer to Vietnam than when China conducted a similar search last September.

That search, 110 kilometers off Vietnam, drew strong protest from Hanoi which claims the waters as its territory.

Beijing countered by saying the search was made inside waters under its jurisdiction.

The waters are near the Spratly islands in the South China Sea, areas considered rich in oil and other natural resources.

China and Vietnam clashed over the disputed islands in 1988, resulting in more than 100 soldiers of both countries killed or missing.

Trade, Investment Ties With Australia Reviewed

BK1409143593 Hanoi Voice of Vietnam in English 1000 GMT 14 Sep 93

[Text] The development of Australian trade and investment in Vietnam in the last decade is an economic success creating a profound impression in Asia and the Pacific. That is according to Mr. (Gavin Bermilow), an expert of the Australian Ministry for Foreign Affairs and Foreign Trade. Here is our radio editor's opinion.

In 1982, two-way trade turnover between the two countries was below $2 million. By 1992, the figure increased by 120 times or up to $452 million. Vietnam exports for Australia were valued at $200 million. Meanwhile, Australian exports to Vietnam were only valued at $50 million. In the field of investment, the results were also encouraging. Five months ago, the BHP Oil and Gas Company signed a product-sharing agreement on oil exploited from Dai Hung Oilfield, valued at $2.1 billion. With this project, Australia has become the biggest investor in Vietnam. At present, Australia ranks sixth in its number of investment projects in Vietnam.

During his recent Australia visit, Vietnamese Prime Minister Vo Van Kiet encouraged Australian companies to invest in Vietnam. On that occasion, Australian Prime Minister Paul Keating affirmed that his government would try its best to develop relations between the two countries. That is why it is believed that in the coming period, relations will further develop.

Deputy Prime Minister, Delegation Visit Sweden

BK1109152593 Hanoi VNA in English 1515 GMT 11 Sep 93

[Text] Hanoi VNA Sept. 11—A Vietnamese Government delegation led by Deputy Prime Minister Tran Duc Luong paid a six-day working visit to Sweden, ending today.

Deputy Prime Minister Luong was accompanied by representatives of the Government Office, the State Planning Commission, the Ministry for Foreign Affairs, the Ministry of Finance, the Ministry of Transport and Communication, the Ministry of Science-Technology and Environment and the General Post Office and a number of businesses.

While in Sweden, Deputy Prime Minister Luong met with the minister of foreign affairs, the minister of cooperation for development, the minister of trade and the chairman of the Trade Council of Sweden. Mr. Luong and his party also attended a round- table conference with offices concerned of the Swedish Government. At the meetings, the two sides affirmed that the comprehensive cooperative relations between Vietnam and Sweden would be further developed and broadened, particularly in the fields of economy and commerce.

On this occasion, an agreement on investment encouragement and protection was signed between Deputy Prime Minister Luong on behalf of the Vietnamese Government and the Swedish Government. Another agreement on double taxation was also signed by representatives of the two financial ministries.

Deputy Prime Minister Tran Duc Luong also called at some major companies and industrial establishments which has made plans to promote its cooperative relations with Vietnam as ABB, Saab, Ericsson, Skanska, Tera Laval and Volvo.

Party-Government Economic Delegation To Visit Cuba

BK1609041693 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 15 Sep 93

[Text] A high-level party and government economic delegation will pay a working visit to Cuba in late September at the request of the Cubans.

The delegation will be headed by Comrade Nguyen Ha Phan, secretary of the Party Central Committee and head of its Economic Department. It will include a number of ministers, deputy ministers and other high-ranking cadres of the finance, banking, pricing, and agriculture and food industry sectors.

Phan Van Khai Attends Financial Conference

BK1409135393 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 13 Sep 93

[Text] In Hanoi this morning, 13 September, the Ministry of Finance held a conference to discuss guidance for the formulation of financial and budgetary plans. Attending the conference were directors of financial agencies, heads of tax offices, and chiefs of treasuries from 53 provinces and municipalities throughout the country. Deputy Prime Minister Comrade Phan Van Khai attended and addressed the conference.

The conference reviewed tasks related to revenue collection and distribution of the state budget during the past nine months. Tax collection has attained more than 75 percent of the estimate, or 72 percent of the government's target—a 60 percent increase over the corresponding period last year. Of the 53 provinces and municipalities, 41 have exceeded estimates in tax collection by 75 percent. Expenditures during the past nine months account for 68 percent of the estimate, an increase of 71 percent over the corresponding period last year. Thanks to the increase in revenue collection, the authorities have been able to provide budgets promptly for essential expenditures in the early months of each quarter. This ensured sufficient capital and money for sectors and localities to carry out the 1993 socioeconomic development program effectively and in accordance with the schedule.

To fulfill the 1993 budgetary plans, various financial agencies and tax offices must take measures in the fourth quarter of this year to collect state revenues fully and suspend unessential expenditures. They must promptly transfer state revenues collected from various economic establishments to the agencies concerned and strive to collect debts quickly.

The conference urged the Ministry of Finance to coordinate with mass organizations and societies to sell more government bonds and promissory notes to the people, strive to improve financial inspection work, and minimize losses to the state budget.

Addressing the conference, Deputy Prime Minister Phan Van Khai commended the financial sector for its efforts and achievements during the past nine months. He also urged the sector to carry out inspection work in a satisfactory manner to minimize losses, especially in capital construction.

The deputy prime minister also contributed various ideas aimed at helping the financial sector carry out tasks related to the management and collection of state revenues in 1993 in a satisfactory manner, while effectively formulating financial and budgetary plans for 1994.

Nong Duc Manh Receives People's Committee

BK1409100993 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 13 Sep 93

[Text] Comrade Nong Duc Manh, member of the Political Bureau and National Assembly chairman, cordially received a delegation of the Ha Giang Provincial People's Committee at the Ba Dinh Conference Hall yesterday afternoon, 13 September.

Comrade Pham Trong Tham, secretary of the provincial people's council, reported to Chairman Nong Duc Manh on the activities of the councillors and on the delegation's planned visit to a number of lowland provinces to study the actual production situation as well as their economic and administrative management.

Chairman Nong Duc Manh inquired about the livelihood of the local multiethnic people and urged the delegates to perform their functions and duties satisfactorily as representatives at the grassroots. He also took note of suggestions by various representatives reflective of the aspirations of the people living in mountainous areas or areas inhabited by ethnic minorities. Included among these are the issues of supplying potable water, offering loans to the poor for production, building roads, providing disease treatment and prevention for the people, and helping multiethnic children attend school.

Directive Issued on Timber Management, Protection

BK1509082593 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 14 Sep 93

[Text] On 11 September the prime minister issued a directive on the close management of timber exploitation, transportation, and exportation. Touching on forest management and protection and on timber exploitation, the directive says:

The Ministry of Forestry must reexamine and systematically rearrange all the documents and regulations of the state—including laws, decrees, and decisions—issued so far in the field of forest management and protection. If these documents are found to be incomplete or there are loopholes in them, the ministry must prepare an addendum and present it to the government for promulgation.

The ministry must order the immediate closure of the following types of jungles: Protective watershed forests, special-purpose forests, forests grown on rocky mountains, and infertile forests. Simultaneously, it must delineate the boundaries of each forest, elaborating on its site and area; and make public any stipulations concerning this so every one can know and scrupulously comply with them.

The provincial people's committees of those provinces and cities under the central authority must ban the felling of trees for firewood or for processing charcoal for sales.

The directive also provides specific stipulations on timber transportation, timber in transit, timber imports and exports. Such activities must be carried out in compliance with those stipulations already enforced by the state.

Any violations involving the burning and destruction of forests, timber exploitation, illegal use and illegal exportation of timber must be subjected to severe punishment, including administrative penalties, and be prosecuted before the law.

As an immediate task, the Ministry of Forestry is responsible for cooperating closely with the judicial bodies concerned in promptly finalizing past cases of violations, particularly serious cases, against laws on forest protection and development in order for them to be tried in the future.

Finance Ministry Begins New Publication

BK1009030393 Hanoi Voice of Vietnam Network in Vietnamese 1000 GMT 9 Sep 93

[From the "Press Review" program]

[Text] The THOI BAO TAI CHINH [Financial Times], in its first issue on 2 September, on the first page of the section "Talking to Readers", says that the paper, a publication of the Finance Ministry, has the duty to propagandize and disseminate the party and state's lines, policies, and guidance on financial issues. It will give a prompt presentation of legal documents on finance, accounting, the financial market, and prices. It will also introduce all kinds of financial activities, good experiences, and international and national models of financial management.

The publication also serves as a forum for the exchange and presentation of different views on financial issues so that every citizen can voice his opinion on the implementation of the state's regulations and policies on financial issues. And, as normally practiced by all papers, the Financial Times will also carry attractive pages on arts and culture for its readers.

Next to the section, the paper carries a photo of Prime Minister Vo Van Kiet touring a French telephone switchborad manufacturing plant.

On its second page, the newspaper carries an article about improvements to the revenue service in Lang Son Province.

New TV Relay Station Commissioned in Bac Thai

BK1509080993 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 14 Sep 93

[Text] A ceremony was held in Bac Thai Province to commission a television relay station after more than one year of investment and construction. The project required an investment capital of more than 2 billion dong.

Attending the ceremony were the comrade leaders of the provincial party committee and people's committee and representatives of departments and sectors at the central level.

The station consists of a 50-meter high antenna tower, a one-kw transmitter, and equipment produced by Italy's Italco Company.

Despite the fact that the economic situation is still rife with many difficulties, Bac Thai Province has mobilized capital and purchased new equipment to improve the quality of television programs, including relay programs, to better meet the needs of local ethnic minority compatriots.

The construction of the station met quality control criteria and was completed on schedule. Thanks to this new facility, the Bac Thai television station can reach two-thirds of the districts and cities in the province.

Public Address Systems Installed in Ha Tay

BK1409101593 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 12 Sep 93

[Text] In 1993, Ha Tay Province invested 135 million dong to install public address systems at nine mountain villages in the province. Survey, planning, and installation were jointly carried out by the Ha Tay Radio and Television Network and the Ba Vi, Quoc Oai, and My Duc District Radio Stations. To date, the abovementioned public address systems have become operational and have yielded relatively good results. Each system has 2-3 km of wires and 8-10 25 watt-capacity loudspeakers.

The newly-installed public address systems have enabled all mountain villages in Ha Tay to listen to programs from the Voice of Vietnam network and the Ha Tay Province radio station as well as receive direct instructions from the local authorities.

Construction of Yali Hydrolectric Project Approved

BK1609042293 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 15 Sep 93

[Text] The Government has just released documents officially allowing various energy sectors to start the construction of the Yali hydroelectric project on the Se San River between Gia Lai and Kontum Provinces in November. This is the largest hydroelectric project in the central and central highland regions.

To date, all projects in support of the construction have been completed. It is estimated that the Yali hydroelectric project will need a total investment capital of more than 5,700 billion dong and will include a main dam, two water tunnels, four power generators, and 500,000 metric tons of machinery and equipment. The Russian Federation and Ukraine will jointly produce and furnish iron and steel for the installation of equipment and construction of the project.

It is predicted that the Yali hydroelectric project will block the flow of the river in April 1994 and its four generators will be put into operation in mid-1998 and perform at full capacity in 1999.

Pham The Duyet Visits Schools on Opening Day

Attends New School

BK1309094793 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 12 Sep 93

[Text] The Binh Minh Primary School in Hanoi City held an opening ceremony for the school year 1993-94 on 12 September. Among attending guests were Comrade Nguyen Thi Binh, vice state president; Comrade Pham The Duyet, member of the party Central Committee Political Bureau and secretary of Hanoi Party Committee; and representatives from the Australia's education support organization in Vietnam.

The Binh Minh Primary School in Hanoi City was established on 31 July 1993. It is a new school model managed by the Hanoi Education and Training Service. The school allocated 300 children in seven regular classes, and three special classes for mentally retarded children. The children stay during the daytime and have lunch at school, get extra lessons on computers, and a have a bilingual program of Vietnamese and French languages among other subjects. The 20 teachers in the school, who were selected from local precincts and districts, are all excellent and experienced teachers who are devoted to service of children.

Speaking to the teachers and students of the school, Comrade Pham The Duyet encouraged them to strive for high teaching and learning results, to be worthy of a pilot school of the capital city.

Praises Special School

BK1309094393 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 12 Sep 93

[Text] On 12 September, the Dinh Tien Hoang General High School held an opening ceremony for the school year 1993-94. Among the guests were Comrade Pham The Duyet, member of the party Central Committee Political Bureau and secretary of Hanoi Party Committee; representatives from Ministries of Education and Training and Labor, War Invalids and Social Welfare; and representatives of Hanoi People's Committee and from other large organizations in Hanoi.

The Dinh Tien Hoang General High School is a new model school that cares for students with learning and behavioral difficulties. Throughout its four years in operation, the school has significantly improved its new educational model in educating and training for difficult students. In its first year the school had 136 students, 52 of which were 12th year. At the end of the year the matriculation rate was 33 percent. In the school year of 1992-93, the number of students rose to 454, among them 179 successfully passed the high school examination scoring a matriculation rate of 98.2 percent.

Comrade Pham The Duyet praised the teachers and students of the school for their merits in the past, and wished them further successes in the new school year.

Leaders Acknowledge Academician's 80th Birthday

BK1409064793 Hanoi VNA in English 0624 GMT 14 Sep 93

[Text] Hanoi VNA Sept. 14—General secretary of the Communist Party of Vietnam Central Committee has called on Prof. Academician Tran Dai Nghia on the occasion of his 80th birthday.

Tran Dai Nghia was born in 1913 in a poor family in the southern province of Vinh Long. An excellent student of the southern region, he was sent to France for further study. In 1946, he followed President Ho Chi Minh to come back to the homeland. A year later, he was appointed by the president as head of the Arsenal Department of the Vietnam People's Army. After the total victory over the French colonialists in 1954, he assumed such important posts as chairman of the State Committee for Basic Construction, chairman of the State Commission for Sciences, and president of the Union of Scientific and Technical Associations.

He was awarded the title of labour hero, the order of independence, first class, and the order of Ho Chi Minh by the Vietnamese state. He was also elected academician of the Academy of Sciences of the USSR and of that of third-world countries.

On this occasion, the National Centre for Natural Sciences and Technology held a get-together to praise Mr Nghia's contributions to the country's resistance wars and national developement.

President Le Duc Anh, Vice President Nguyen Thi Binh and Prime Minister Vo Van Kiet sent flowers to wish Mr Nghia happy birthday.

The get-together was attended by General Vo Nguyen Giap, ministers and senior officials of concerned offices.

Australia

Queensland, Russian Firms To Develop PNG Space Base

BK1609073093 Melbourne Radio Australia in English 0500 GMT 16 Sep 93

[Text] A Queensland firm has signed an agreement with some Russian enterprises to develop a Papua New Guinea [PNG] space base which will launch Russian rockets. (Ian Keen) reports Space Transportation Systems has announced the agreement in Moscow.

[Begin (Keen) recording] Space Transportation Systems is headed by Former Queensland Premier Michael Hearn. It says it now has the exclusive right to develop the launching and technical complexes at what's planned as the world's first private space port. Under the agreement, the Russian side will develop the necessary design and operational specifications for the complexes. It will also supply the Proton launch vehicle and the space booster. The Queensland company will provide the project's general management and market and operate the space port. A senior Russian official, at the announcement, said it's the first time Russian enterprises will take part as separate legal entities without any subsidy from the state. [end recording]

Kuwaiti Deputies Boycott Israeli-Chaired IPU Session

LD1509130093 Kuwait KUNA in Arabic 1152 GMT 15 Sep 93

[Excerpts] Canberra, 15 Sep (KUNA)—The Inter-Parliamentary Union [IPU] conference continued its 90th meeting today in Canberra, Australia, where participants listened to papers presented by parliamentary delegations on the fourth article of the working agenda concerning the health and welfare of the elderly. [passage omitted noting Kuwait presented its paper on that article, assuring Kuwait's concern and care for the elderly; several Kuwaiti representatives gave details of old people's homes in Kuwait]

Deputy 'Abd-al-Samad indicated that the Kuwaiti Government took the initiative 40 years ago by building an old people's home, providing them with social, psychological, health and cultural care, making them take an interest in the society, and not leaving them in isolation. He touched on cases of persecution and forced migration which people, particularly the old people of Bosnia-Herzegovina, were experiencing. He said: "The tragedies, massacres, and flagrant violations of human rights happening there require us to take firm steps to put a stop to the tyranny and torture there." [passage omitted]

The rest of the conference's 100 participating delegations from 24 member states in the IPU spoke of their country's experiences in that aspect, their aspirations and proposals aimed at caring for the old.

It should be mentioned that the Kuwaiti delegation withdrew from the conference hall this morning in the session chaired by the conference's Israeli parliament representative, giving a clear signal of the Kuwaiti parliament's stance toward Israel which signed a peace agreement [the day before] yesterday. [passage omitted]

Minister: Europe 'Obliged' To Accept Blair House Accord

BK0209060293 Melbourne Radio Australia in English 0500 GMT 2 Sep 93

[Text] Australia's trade minister, Peter Cook, says any weakening of a key agricultural accord between the United States and Europe would be outrageous. Senator Cook's comments follow increased speculation that European nations are attempting to water down their commitments under the so-called Blair House Accord struck last year with Washington.

The accord, which limits output and subsidies for some crops has been seen as the lynchpin for an agricultural agreement in the current round of world trade talks under the General Agreement on Tariff and Trade or GATT.

Sen. Cook had told federal parliament that the Blair House deal must be the absolute bottom line for any GATT agreement.

[Begin Cook recording] We believe that there can be absolutey no compromise beyond the Blair House Accord and since it is an agreement between the European Commission and the United States, we believe there is an obligation on the Europeans to accept their side of that agreement, and it would be outrageous if anyone in Europe or elsewhere should talk about watering down the Blair House Accord any further. [end recording]

Thai Trade Talks Focus on Multilateral Issues

BK1609040393 Bangkok THE NATION in English 16 Sep 93 p B3

[Text] At the 14th Joint Trade Committee meeting between Australia and Thailand in Sydney on Tuesday, trade officials from the two countries for the first time discussed ways of improving their cooperation on a multilateral and regional basis rather than focusing only on bilateral issues.

Miles Kupa, first assistant secretary of the South and South Asia Division of Australia's Department of Foreign Affairs and Trade, said that officials had extensive discussions on the Asia Pacific Economic Cooperation (Apec), the Asean Free Trade Area (Afta) and the outcome of the Uruguay Round of multilateral trade talks.

Bunthipha Simasakun, deputy director general of the Foreign Trade Department, added that during the meeting on Tuesday, Thailand conveyed Asean's vision of Apec in addition to discussing the outcome of the Uruguay Round.

Both countries are members of Apec and also of the Cairns Group. The Caims Group is made up 14 farm producing countries who have come together to try and reduce farm subsidies around the world. Australia is co-founder of both organizations.

On the bilateral front, Thailand is still requesting that Australia exercise more caution before accusing it of dumping its goods onto the Australian market, which Thailand sees as a non-tariff barrier.

While there are still some bilateral trade issues to be resolved, Kupa said that these were minor issues. He added that Australia is looking to the longer term and trying to reverse its image as a country with little interest in Asia. Discussions on Apec and Afta are helping to enhance the image of Australia as a part of the Asian community. Kupa said "We are studying the implications of Afta for Australia."

Asia accounts for 60 per cent of Australia's external trade. Of the total, Southeast Asia holds a share of 12 per cent, higher than that of the European Community, Kupa said.

Ivan Deveson, an executive of the Australia-Thailand Business Council, added that prior to 1973, 17 per cent of the Australian firms in a survey chose Southeast Asia as their first export destination. Now, the figure is 28 per cent.

Australia's broader vision is being emphasized by Prime Minister Paul Keating during his visit to Washington this week. He has already risked angering Australian farmers by declaring that his talks with US President Bill Clinton would not concentrate on thorny farm subsidy issues. Instead, he said, the focus would be on "big mainframe issues which will affect Australia in the future." These include the outcome of the Uruguay Round and the future of Apec.

According to Bunthipha, Asean fears that it might be forced to enter into binding commitments via the US-proposed Apec Trade and Investment forum to be held in Seattle later this year. The US proposal has already gained support from Australia, Canada, Japan, South Korea and New Zealand.

Buntipa said that Thailand has informed Australia that, together with its Asean partners, it would not enter into any binding commitment at the meeting. Thailand also hopes the Apec would not eventually turn into a trading bloc.

Kupa said it was too early to say how the Apec would develop. "It should become a trade facilitating forum, not a trade diverting one. [No beginning quote as published] Prime Minister Keating proposed to change Apec's name to the Asia Pacific Economic Community, but it would not become a fortress like the European Community," Kupa said.

Australian officials also were interested in how Thailand felt the Asean industrial Joint Venture programme would fit into the Afta plan, as they believe that the preferential treatment offered under the programme could hurt business from outside Asean.

Looking at the Uruguay Round, both countries said that they would not soften their stance on the Blair House Accord, which is an accord dealing with farm subsidies that was made between the United States and the European Community last November.

Aug Unemployment Increases to 11.1 Percent

BK0909055793 Melbourne Radio Australia in English 0500 GMT 9 Sep 93

[Text] Australia's unemployment rate has jumped again to 11.1 percent. Mark Tamhane reports that seasonally adjusted figures released by the Bureau of Statistics show Australia's unemployment was .4 percent higher in August than the previous month.

[Begin Tamhane recording] The August figure was significantly higher than expected with most analysts tipping only a slight rise in unemployment. The worse-than-expected result was largely due to a shrinking job market, with the number of people in work in Australia actually falling slightly.

The unemployment figure was also pushed up by a small rise in the participation rate—the number of people actively looking for work. The Bureau of Statistics figures appear to contradict a survey released earlier this week by the ANZ Bank which pointed to strong growth in the job market.

The figures are bad news for the ruling Labor government which has been more optimistic about the unemployment outlook in recent weeks. [end recording]

Evans Urges More Trade, Investment With Thailand

BK1409121593 Melbourne Radio Australia in English 0500 GMT 14 Sep 93

[Text] Australia's foreign minister, Senator Gareth Evans, has urged more trade and investment with Thailand. As Mark Tamhane reports Senator Evans made the call in Sydney, while addressing the Australia-Thai Business Council.

[Begin recording] [Tamhane] Although two-way trade between Australia and Thailand has grown 33 percent over the last year it's still remain relatively small at A$ [Australian dollars] 2 billion. Senator Evans said, given the complementarity between the two countries, there was room for economic relations to expand considerably.

[Evans] Certainly, it has to be acknowledged that our investment which everyone now accept this increasingly a precursor, a forerunner, a trade growth, and investment does remain much lower than many of us would like.

[Tamhane] Dr. Sawit Phothiwihok, a minister in the Thai prime minister's Office, said although Thailand's political system was in a state of flux, economic, trade, and investment liberalization was continuing. He said Australian business should look at Thailand's move towards economic integration with Indonesia, Malaysia, Cambodia, Laos, Vietnam, Burma, and China's Yunnan Province.

[Phothiwihok] It is no longer Thailand's (?trade) that I am talking about but the integration of this particular zone covering several hundred millions of people. [end recording]

Acting Prime Minister Defends Keating on Human Rights

BK1509082193 Melbourne Radio Australia in English 0500 GMT 15 Sep 93

[Text] Mr. Keating's remarks about human rights in Asia have been defended by the acting prime minister, Brian Howe. The comments have been criticized by human rights groups, the federal opposition, and the Democrats.

Mr. Howe says the prime minister is trying to make a point that reflects Australia's experience.

[Begin Howe recording] We have, of course, pursued the issue of human rights. The prime minister has pursued those issues on the visits that he has most recently made to Asia. And of course they need to be put into an Asian context and I think the prime minister, in a sense, has simply shared Australia's experience, his experience as prime minister, as he has pursued these issues vigorously on behalf of this country. [end recording]

New Zealand

Prime Minister: Election Scheduled for 6 Nov

BK1409075093 Melbourne Radio Australia in English 0500 GMT 14 Sep 93

[Text] New Zealand's prime minister, Jim Bolger, has announced that a general election will be held on 6 November. He said the election would be fought on the issues of the government's record in office and the danger to economic recovery posed by the policies of the opposition Labor Party. Mr. Bolger's National Party swept to power in October 1990 when it ousted Labor from office after six years. The Labor Party has said it will campaign on a fair society in New Zealand, claiming the economic improvement since National gained power has only benefited the rich.

Papua New Guinea

Daily Calls for Defense Force Management Inquiry

BK1409101293 Melbourne Radio Australia in English 0500 GMT 14 Sep 93

[Text] Papua New Guinea's [PNG] national daily NEWSPAPER has called for a commission of inquiry into the management of the PNG defense force following revelation that the troops on Bougainville are running out of ammunition. Sean Dorney reports that the commander of the force and the secretary of the Defense Department have been summoned to appear before cabinet's national planning committee today to explain why the defense force is broke.

[Begin Dorney recording] Last Friday, I reported that military operations on Bougainville had ground to a halt after company supplying fuel and helicopter charter services to the troops on Bougainville had cutoff credit—(?several) millions. The PNG cabinet has approved extra fund in principle but the finance minister, Sir. Julies Chan, says they won't be released until the reason for the financial matters determined. The PAPUA NEW GUINEA POST-COURIER in an editorial has called for a commission of inquiry into why soldiers on Bougainville have been left without ammunition and support units are on the verge of collapse. [end recording]

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